

MAHLE Global Logistics Guideline

Version 1.0

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List of Abbreviations

ASN	Advance Shipping Notice
DAP	Delivery at Place (Incoterms® 2020)
EDI	Electronic Data Interchange
ERP	Enterprise Resource Planning
FCA	Free Carrier (Incoterms® 2020)
FCL	Full Container Load
GTL	Global Transport Label
LCL	Less than Container Load
LSP	Logistics Service Provider
LRS	Logistics Requirement Sheet
MAHLE TM	MAHLE Transport Management System
MOQ	Minimum Order Quantity
MSIP	MAHLE Supplier Improvement Program
NBOH	New Business on Hold
NON TM	Non MAHLE Transport Management System
TO	Transport Order

Introduction

At MAHLE, we are convinced that efficient logistics management is the foundation of a successful automotive supply chain. As the industry continues to evolve, optimizing the flow of materials and products has become a priority to meet the demands of a dynamic market. Our MAHLE Global Logistics Guideline has been carefully designed to streamline processes and enhance overall supply chain performance.

Furthermore, we acknowledge the crucial role played by our suppliers. Their unwavering commitment to quality and innovation sets the standard for the entire industry. Therefore, we view our collaboration not only as a partnership but also as an opportunity to synergize our strengths and drive mutual growth.

Through effective communication, seamless information sharing, and a shared vision for excellence, we aim to create an ecosystem that thrives on efficiency, reliability, and innovation. By working closely together, we can anticipate market trends and respond to challenges proactively. In this rapidly evolving automotive landscape, adaptability and resilience are key.

Therefore, this guideline targets the following objectives:

- Efficient communication and automated data transfer
- Minimizing logistics costs within the supply chain
- Securing logistics processes and production supply
- Ensuring the safety of products by using appropriate packaging during handling and transportation

1. Applicability

The MAHLE Global Logistics Guideline supplements the current version of the MAHLE “General Terms and Conditions of Purchase” which can be found on the MAHLE Homepage > Purchasing > General terms and conditions of purchase (<https://www.mahle.com/en/purchasing/terms-and-conditions-of-purchase/>). By signing the Feasibility Commitment Protocol or accepting the Supply Agreement or a separate agreement, the Supplier undertakes to comply with MAHLE general and specific logistics requirements. The guideline is a binding part of the nomination or order and is therefore sent out with each request for quotation. In case of contradictions, the individual regulations of the supply contract/supply agreement and/or the general purchasing conditions take precedence over the MAHLE Global Logistics Guideline.

The MAHLE Global Logistics Guideline applies to the business of MAHLE GmbH and the Supplier as well as to the business with and between group companies of MAHLE GmbH and group companies of the Supplier. Group companies are defined as companies according to §§ 15 et seq. of the German Stock Corporation Act (de: Aktiengesetz), in particular those where MAHLE GmbH or the Supplier directly or indirectly maintains industrial leadership. “Industrial leadership” means that a company directly

or indirectly holds more than 50% of the voting rights and can determine its management.

The Supplier is responsible for complying with the requirements and regulations outlined in the MAHLE Global Logistics Guideline. Any violation of this obligation will result in the Supplier compensating MAHLE for all associated costs and damages. It is important to note that any additional rights of MAHLE will remain unaffected. Any deviations from or additions to this MAHLE Global Logistics Guideline, such as accommodating specific requirements of the supplied MAHLE plant or a relevant project, must be agreed upon in writing. This requirement also applies to supplements or amendments to this clause in the written form.

The MAHLE Global Logistics Guideline applies to production materials and spare parts throughout all stages of the product life cycle and to all MAHLE locations worldwide.

However, specific regional guidelines must be followed for procedures that meet local requirements. See therefore MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

2. Information and Communication

Effective communication between the Supplier and MAHLE is a key factor in achieving success. The Supplier shall ensure that the goods are delivered to MAHLE in accordance with the applicable agreement. If for any reason the Supplier is unable to meet the delivery call-offs, and without prejudice to MAHLE's other rights and remedies, the Supplier shall proactively notify MAHLE by E-Mail and Telephone as soon as the issue is known.

2.1 Contacts and Accessibility of the Supplier

The Supplier shall provide MAHLE with designated contacts for logistical matters. The Supplier shall appoint a contact by name, position, e-mail address, and phone number. These contacts should be qualified and authorized to make and execute decisions.

In addition, an emergency contact must be appointed, who is available 24 hours a day outside of the aforementioned production times. The emergency contact shall have access to decision-makers who can initiate immediate measures. The Supplier shall ensure that information on the status of deliveries, including the availability of the responsible carrier, can be obtained at any time throughout the supply chain.

Communication is always conducted in English. However, if agreed upon, the language of the supplied MAHLE plant may also be used.

The Supplier commits to deliver the goods on the basis of the call-offs submitted, even during planned production shutdown time. To ensure transparency and proper coordination, the Supplier must inform the respective contact person at the MAHLE customer's plant about scheduled downtimes and plant closures in a timely manner. In addition, the Supplier is responsible for providing plans to guarantee the uninterrupted flow of supply if requested to do so by MAHLE. This proactive approach will ensure that the supply chain remains stable and operational in challenging circumstances.

2.2 Electronic Data Interchange (EDI)

Business data exchange between MAHLE and its suppliers takes place via Electronic Data Interchange (EDI). Electronic communication is a mandatory prerequisite for a successful business process with MAHLE. Therefore, the connection must be made either through classic EDI and/or through the alternative supplier portal provided by MAHLE. If there is no EDI connection yet, the Supplier should contact MAHLE to get it installed.

For further information on the subject of EDI, please refer to the MAHLE Electronic Data Interchange (EDI) Guideline, which can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>). In it you will find all the necessary technical requirements, authorized message formats and contacts.

2.3 Advance Shipping Notice (ASN)

The Supplier must send an Advance Shipping Notice (ASN) electronically via EDI to the receiving MAHLE plant immediately after the designated forwarder picks up the goods. This notification serves as the basis for the goods receipt posting. It is important to note that the ASN should not be sent before or with a significant delay of more than 30 minutes after pick-up.

For further information on the subject of ASN, please refer to the MAHLE Advance Shipping Notice (ASN) Guideline, which can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

3. Supplier Portal and Supplier Evaluation

3.1 Supplier Portal

To establish a standardized and centralized communication form, MAHLE offers its suppliers a separate supplier portal. This portal is used for various functions such as purchasing, quality and logistics. The goal of the supplier portal is to consolidate all the relevant supplier- and sourcing- (project-)data in one place. The portal handles activities related to tenders, purchasing and quality documentation, complaints, escalation measures, and supplier evaluation using the Supplier Score Card for Logistics and Quality. The supplier portal is available via the MAHLE Homepage > Purchasing > Supplier portal (<https://www.mahle.com/en/purchasing/supplier-portal/>).

Access is restricted to authorized suppliers. Suppliers should contact their designated MAHLE purchasing contact for access information.

3.2 Logistics Supplier Evaluation

MAHLE continuously evaluates the logistics performance of its suppliers. This evaluation is based on a number of criteria, including, but not limited to, on-time delivery and quantity reliability. The results of this evaluation will be taken into account for future MAHLE project nominations, among other things. Therefore, every Supplier should strive for 100% logistics performance score.

However, the Supplier is not entitled to any specific evaluation and may not derive any claims or draw any conclusions from the evaluation with respect to or conclusions regarding the supply relationship.

In the event of non-compliance with the MAHLE Global Logistics Guideline, MAHLE reserves the right to evaluate the Supplier as a risk for future business.

MAHLE also reserves the right to evaluate the quality of the supply chain from its suppliers by either a self-disclosure or an on-site visit to the Supplier's site. This measure would be carried out in prior consultation between MAHLE and the Supplier concerned.

3.3 Logistics Claim Management and Escalation Process

In case of logistics failures, MAHLE reserves the right to claim and charge the Supplier according to regionally defined claim costs, which reflect the additional effort for the failure to be recovered by MAHLE. The Supplier is obliged to complete the 8D report on the supplier portal within 4 weeks. In addition, it is the Supplier's responsibility to maintain correct contact details in the system.

A catalogue of failures has been compiled to summarize potential logistics complaints. It outlines the additional efforts that MAHLE incurs when processes are not practiced. This MAHLE Logistics Failure Catalogue can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

If performance issues are identified with a Supplier over an extended period of time, the Problem-solving Path and Escalation Processes, defined in the MAHLE General Supplier Guideline, are to be followed. The MAHLE General Supplier Guideline can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

If the quality of products and services does not meet the agreed-upon requirements, MAHLE will follow its escalation procedures. This may include implementing the MAHLE Supplier Improvement Program (MSIP) or, as a last consequence, declaring the Supplier's status as "New Business on Hold" (NBOH) or de-sourcing.

4. Call-offs and Ordering Concepts

MAHLE orders materials primarily through scheduling agreements and submits its release orders on a weekly or daily basis.

Ordering concepts at MAHLE are:

- 4.1 Call-off based orders
- 4.2 Call-off based orders with storage in Consignment
- 4.3 Call-off based orders with storage in Bonded Warehouse

4.1 Call-off based orders

The call-offs are based on production demands and rounded by amount in the smallest packaging units or up to even pallet levels. The submitted schedule contains multiple deliveries, separated by time and quantity. The submitted information shall serve not only as a short-term order, but also for mid- and long-term planning of production capacities and materials.

Single-purchase orders are used at MAHLE mainly in the pre-series phase or during phase out, for single demands or other reasons.

Working with cumulative quantities is essential for proper order verification and communication between MAHLE and the Supplier. By the beginning of the year, the Supplier is obliged to set cumulative quantities to zero, considering materials in transit and communicate and check accuracy with the respective MAHLE material planner.

4.2 Call-off based orders with storage in Consignment

Consignment processing is generally binding for all MAHLE suppliers. Consignment is the mandatory delivery concept for all MAHLE suppliers. When goods are delivered to a consignment warehouse, whether internal or external, the Supplier shall retain ownership until the goods are removed from the warehouse by MAHLE. Depending on regional requirements, the liabilities of

MAHLE towards the Supplier will be settled by a self-billing invoice. Consignment processing is not dependent on determination of the type of requirements, communication of requirements to the Supplier, or the agreed Incoterm. This process will be described in a separate Consignment Agreement agreed between MAHLE and the Supplier.

4.3 Call-off based orders with storage in Bonded Warehouse

Bonded Warehouse processing is the mandatory delivery concept for all suppliers supplying MAHLE from a third country. In the context of international trade, the term “third country” denotes a situation in which the Supplier and the MAHLE location are not within the same customs territory. The Supplier and MAHLE agree that the goods will be delivered into a bonded warehouse. The Supplier shall retain ownership of the goods until MAHLE withdraws the goods from the bonded warehouse, upon which MAHLE shall become the owner of the goods. Customs will be cleared at the point of withdrawing the parts from the bonded warehouse. The process will be described in a separate agreement regarding the use of a bonded warehouse between MAHLE and the Supplier. This agreement will be concluded before the start of deliveries.

In case of questions regarding Consignment or Bonded Warehouse solutions, the Supplier shall contact the Consignment team: consignment.global@mahle.com.

4.4 Alternative Ordering Concepts

Any other ordering concepts, such as Vendor Management Inventory or Supplier Kanban solutions, must be agreed in writing with the respective MAHLE plant.

5. Capacity Planning and Flexibility

5.1 Capacity Planning

MAHLE and its suppliers follow a regular process for managing deliveries. MAHLE sends out delivery schedules to the Supplier, which the Supplier must carefully review to ensure accuracy and feasibility. Additionally, the Supplier is responsible for monitoring the quantities released by MAHLE against its own production capacities and those of its sub-suppliers. If any irregularities or discrepancies are found, the Supplier must report them promptly to the designated material planner at MAHLE.

The commitment levels shall apply according to local purchasing conditions, which are available on the MAHLE Homepage > Purchasing > General terms and conditions of purchase (<https://www.mahle.com/en/purchasing/terms-and-conditions-of-purchase/>).

Unless otherwise agreed in writing, the following commitment levels shall apply:

- (i) The quantity determined for the month following the order (month 1) is considered as bindingly ordered.
- (ii) The quantity ordered for the next month (month 2) entitles the Supplier to procure input material. If this quantity is not subsequently accepted by MAHLE, the Supplier is entitled to invoice the procured input material to MAHLE, whereby MAHLE can demand delivery of the input material. Quantities manufactured and materials procured in excess of this shall be exclusively at the risk and for the account of the Supplier.

MAHLE does not accept minimum order quantities (MOQ) higher than the smallest packaging unit, unless this has been agreed in advance between the Supplier and MAHLE in writing.

5.2 Flexibilities

MAHLE reserves the right to adjust the released quantities within the contractual framework (e.g. supply contract). Unless contractually agreed otherwise, the following minimum requirements apply:

- Planned quantities can be modified by $\pm 30\%$ up to four weeks prior to the delivery date
- Planned quantities can be modified by $\pm 20\%$ up to three weeks prior to the delivery date
- Planned quantities can be modified by $\pm 10\%$ up to two weeks prior to the delivery date
- Planned quantities can be modified by $\pm 5\%$ up to one week prior to the delivery date
- Planned quantities are fixed the week before the delivery date

These minimum requirements are also described in the MAHLE General Supplier Guideline, which can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

In case of overseas supplies, the current transit times provided by MAHLE need to be added to the aforementioned timings. For more information on these transit times, please refer to [chapter 9. Shipment and Transportation](#).

The production ramp-up and phase-out scenario shall be agreed by MAHLE and the Supplier during the project phase. Nevertheless, MAHLE expects the Supplier to demonstrate greater flexibility during the ramp-up and phase-out periods of a project.

For electronic components, MAHLE requires an inventory range at the Supplier to be designed and maintained during production in order to ensure that the supply of original parts to MAHLE is guaranteed for a period of at least 12 weeks.

6. Monitoring and Scheduling

6.1 Monitoring and Scheduling

The delivery schedules are considered binding unless the Supplier raises objections within a two-working-day period. The delivery requests, known as call-offs, are transmitted on a rolling basis in accordance with an agreed schedule (e.g. daily or weekly). These schedules are updated on a regular basis and typically cover a time horizon of at least 12 months. The most recent call-off takes precedence and supersedes any previous ones.

Independent from the Incoterms applied, the date specified in the delivery schedule or the purchase order represents the delivery date of the product at the respective MAHLE plant.

Only for locations where MAHLE is scheduling its pick-ups via MAHLE Transport Management (hereinafter: MAHLE TM), the dates stated in the delivery schedules represent the pick-up dates at the Supplier plant. Further information on MAHLE TM is described in [chapter 9. Shipment and Transportation](#).

The Supplier also acknowledges that any discrepancies in the submitted timings and quantities must be communicated in advance to the concerned MAHLE plant and are subject to approval by the responsible MAHLE contact person.

MAHLE reserves the right to reject shipments in the event of non-compliance with the call-off. Furthermore, MAHLE reserves the right to charge the Supplier for any costs resulting from discrepancies in the call-off, in accordance with the cost-by-clause principle.

6.2 Managing Supply Constraints

In the event of production bottlenecks, allocations, or any constraint that affects deliveries to MAHLE (especially in terms of delivery dates, quantities and quality), the Supplier must immediately initiate proactive communication with MAHLE to discuss the procurement of the specific items in question. Failure to do so will be interpreted as acceptance and confirmation of the call-off and its allocations without further consultation. Effective coordination between MAHLE and the Supplier is essential for a smooth and efficient supply chain process.

The Supplier is responsible for resolving the bottleneck or specific constraint in accordance with MAHLE communication standards. The Supplier is required to align with the designated MAHLE contact person for the next steps and to provide the following information:

- Reason for the interruption
- Affected parts (MAHLE part number) and MAHLE plants
- Countermeasures with timeline and current status
- Max. production capacity, PLAN/ACTUAL demands, planned shifts (hours, shifts per day, working days per week)
- Alternative solutions (e.g. alternative production lanes, overtime, alternative materials or others) to cover the backlog
- General backlog recovery plan
- Possibility to organize special transport to reduce the transit time
- Contact person — for this specific concern — with access to decision-makers

MAHLE reserves the right to charge the Supplier for all costs incurred due to the supplier's delay in meeting their obligations. These costs may include, but are not limited to, special freight, process discrepancies, delayed deliveries, and line stops.

The Supplier has a defined process in place for proactive escalation management in the event of a risk of potential process interruptions. This process ensures that the Supplier is able to deploy a Task Force at short notice, allowing for immediate decision-making.

7. Packaging and Labeling

As MAHLE strives for efficient packaging and transportation solutions, each region optimizes the supply chain from suppliers to MAHLE plants individually. As a result, the Supplier must also follow the local guidelines and descriptions available on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

Prior to serial production, MAHLE and the Supplier define a packaging and transportation concept for the individual product, which is documented, e.g. in the Logistics Requirement Sheet (LRS) or Supply Concept Sheet and regional specific packaging documents. If the packaging concept is proposed by the Supplier, it has to be released by MAHLE.

7.1 Packaging Requirements

When planning packaging, it is important to consider economic, ecological, and logistical aspects.

These should be implemented according to the following priorities:

- **Avoidance:** Packaging should be limited in volume and weight to the absolute minimum necessary to protect the goods.
- **Reduction:** Reuse must be ensured through the use of reusable packaging. The use of reusable packaging is always preferred, taking into account the above principle.
- **Recycling:** To ensure environmentally friendly recycling of both reusable and disposable packaging, it is important to use only materials that are environmentally compatible and comply with the statutory provisions of the Packaging Ordinance.

The packaging is defined based on the following general requirements:

- Parts are supplied undamaged and necessary protective measures are applied (e.g. ESD-protection, corrosion prevention)
- Parts are clean and only supplied in clean packaging
- Packaging is sturdy in terms of condition, shape and volume, and stackable (minimum stacking factor for loading units: 2) for efficient storage*
- To ensure stackability and damage-free transportation, only full layers of small boxes on pallets are allowed
- Space is utilised as efficiently as possible in both packaging (e.g. filling rate) and transportation (e.g. in trucks and overseas containers)
- Packaging is easy to unload using a forklift truck
- Ergonomic requirements (regional) are complied with (e.g. regarding weight, handling, ease of removing parts)
- Correct identification using standardized labeling according to location-specific requirements, refer to [chapter 7.2 Labeling](#)
- The weight of small boxes shall not exceed regional weight limits, if in doubt the Supplier shall contact their respective MAHLE contact person
- Mixed pallets are not accepted at all MAHLE locations, so the MAHLE contact at the designated location must approve shipments of mixed pallets in advance
- Location specific requirements must be met (e.g. dimensional restrictions of max. pallet height)
- Country specific laws shall be observed by the Supplier in the ship-to region (e.g. the European Packaging Law or by using wooden pallets in accordance with the ISPM15 standard issued by the IPPC)

* Raw materials, such as granulates in octabins, steel or aluminum coils or similar materials are excepted

7.1.1 Returnable packaging (MAHLE Ownership)

- The Supplier must book returnable packaging on empties accounts to verify packaging stock at any time.
- Yearly stocktaking at the Supplier is a prerequisite for using returnable packaging in MAHLE ownership.
- The Supplier is liable for any loss or damage to the returnable packaging due to its failure. Therefore, expenses necessary to repair any damage to the returnable packaging caused by suppliers overloading, abuse or any other improper usage will be charged to the Supplier.
- Returnable packaging dedicated for deliveries to MAHLE locations must not be used for deliveries to other customers or in circulation with subcontractors.
- Unless otherwise agreed, MAHLE shall be responsible for the cleaning process to ensure that suppliers receive empties in proper condition.
- However, if the Supplier's products (e.g. electronic components) require a higher standard of packaging cleaning, it is the Supplier's responsibility to ensure this through extra cleaning measures.
- Residues of old (invalid or supplier-internal) labels must also be removed by the Supplier prior to shipment to MAHLE.
- In case of sub-standard quality of supplied parts due to the use of damaged, dirty or contaminated packaging, the Supplier shall be liable.
- The Supplier shall properly store, secure and protect the returnable packaging.
- The Supplier shall ensure that the returnable packaging is handled using all safety equipment and/or devices required for handling the returnable packaging and/or required by law.
- The Supplier shall prohibit anyone other than duly authorized personnel of MAHLE from performing any repairs or maintenance adjustments to the returnable packaging (unless otherwise previously authorized in writing by MAHLE)
- Upon expiration or termination of the contract, the Supplier shall return all returnable packaging to MAHLE.

For returnable packaging in Supplier ownership, other requirements may apply, which must be agreed between MAHLE and the Supplier upon start of serial production.

Prior to serial production, shipments may not comply with the described packaging and labeling requirements, so these shall be agreed between MAHLE and the Supplier.

7.1.2 Disposable packaging

- The packaging must not constitute a hazard for workers, therefore boxes with removable lids shall be used.
- Disposable packaging shall only be made from recyclable material and only from environmentally-compatible materials.
- Every packaging unit must retain its initial form through to its place of use, ideally without the use of cushioning and filling materials.
- If disposable packaging is used as alternative emergency packaging, the dimensions and degree of filling must correspond to the original packaging.

7.1.3 Emergency packaging

- If a bottleneck of returnable packaging occurs, the Supplier is responsible for highlighting this to the respective MAHLE plant in good time and immediately upon detection of such a bottleneck.
- If disposable packaging is then used, the delivery note must specify that alternative packaging has been used.
- If emergency packaging is used, the receiving MAHLE plant must be contacted to approve the use of alternative packaging.
- Costs for emergency packaging can only be billed by the Supplier if offered in advance by the Supplier and approved by the responsible MAHLE contact person in writing.
- MAHLE reserves the right to charge costs and open claims for the use of unapproved packaging. This applies in particular to problematic materials which are prohibited at many MAHLE locations, such as INKA-pallets, filling materials such as organic chips, hazardous materials etc. (Regional standards of MAHLE plants shall be observed.)

7.2 Labeling

The following general global labeling and identification requirements apply and must be complied with by the Supplier:

- Old (invalid or supplier-internal) labels must be removed from the box by the Supplier.
- Adhesive/Non-Adhesive Labeling: Depending on the applied concept and packaging (returnable or disposable packaging), it may be required (for disposable packaging) or even prohibited (for reusable containers) to use self-adhesive labels. The Supplier will therefore need to verify the suitable packaging and labeling requirements with the dedicated MAHLE plant.
- It is standard for all applied labeling concepts to have a barcode printed on the label.
- Paper must be of robust enough quality to resist typical environmental influences during transportation (e.g. humidity).
- Overseas shipments require labeling with two Master Labels on the pallet, one each on the longitudinal side and transverse side (applies to FCL and LCL shipments).
- In case of non-compliance with the labeling requirements, MAHLE reserves the right to charge extra costs incurred to the Supplier (e.g. manual booking).

7.2.1 Global Transport Label (GTL)

As MAHLE harmonizes its Enterprise Resource Planning (ERP) in the coming years, the global labeling standard will be changed to the Global Transport Label (GTL) for all MAHLE locations and its suppliers. To facilitate this transition, a separate GTL guideline based on the VDA 4994 recommendation has been created. This document contains all of the requirements and specifications set forth by MAHLE for the GTL. This MAHLE Global Transport Label (GTL) Guideline can be found on the MAHLE Homepage > Purchasing > General guidelines and documents for suppliers (<https://www.mahle.com/en/purchasing/general-guidelines-for-suppliers/>).

The Supplier must transmit the Unique-ID from the GTL in the accompanying ASN.

7.2.2 Alternative labels

Any alternative label, which follows a different standard will remain in use until the transition towards the GTL.

8. Security of the Supply Chain

The Supplier shall comply with all necessary commercial programs and security procedures officially required by MAHLE, government and customs authorities.

It is a requirement of the Supplier that the following security measures are implemented for all goods manufactured, stored, shipped, or transported for MAHLE, as well as for all goods delivered to MAHLE or taken over for delivery by MAHLE defined carriers:

- All manufacturing, storage, processing and loading operations are to be conducted on secure company grounds and in secure loading and shipping areas.
- Grounds must be protected against unauthorized access and interference during the production, storage, processing, loading, and transportation phases.
- Deployment of reliable personnel for all manufacturing, storage, processing, loading, and transportation operations must be ensured.
- There must be regular screening of personnel and business partners against all applicable anti-terrorism and sanctions lists to ensure compliance with all applicable regulations regarding prohibited parties (sanctions lists).
- The security of the supply chain is to be guaranteed by all business partners acting on behalf of the Supplier as mentioned above.

The legal requirements defined by government and customs authorities, such as ISF (Importer Security Filing) or ENS (Entry Summary Declaration), must be met by the Supplier. In addition, the Supplier should participate in the following security procedures relevant to the nature of the business relationship with MAHLE:

- TISAX (Trusted Information Security Assessment Exchange):
Standard of the German Association of the Automotive Industry (Deutscher Verband der Automobilindustrie e.V. — VDA)
- C-TPAT (Customs-Trade Partnership Against Terrorism)
- AEO-C&S (Authorized Economic Operator-Customs & Security)
- other equivalent international security initiatives

In the case of supplier-controlled transport (in accordance with the agreed Incoterms®), the Supplier is responsible for ensuring the security of the supply chain and meeting the relevant security standards, e.g. Transported Asset Protection Association (TAPA) standards.

These programs are beneficial for both national and international supply chains and offer security. As there are different security programs in the areas of customs and transportation, suppliers are encouraged to participate in one of the security programs.

9. Shipment and Transportation

The primary goal here is to ensure the timely, complete, high-quality, and tamper-proof delivery of products to MAHLE by the Supplier.

9.1 Incoterms

MAHLE uses Incoterms® 2020 as the basis for its shipping terms.

The standard Incoterm for all shipments to MAHLE is **FCA – Free Carrier** (named place of delivery) (Incoterms® 2020). The only exception to this is for deliveries of raw materials to which the Incoterm **DAP – Delivered at Place** (named place of destination) (Incoterms® 2020) applies.

Incoterms do not regulate the transfer of ownership of the goods. The transfer of ownership is agreed in accordance with the regional procurement process applicable in each case.

9.2 Logistics Service Providers (LSP)

If MAHLE is the freight payer of the transportation (Incoterm: FCA), the Supplier is required to use the advised forwarder or parcel service provider nominated by MAHLE.

It is the Supplier's responsibility to ensure that products are loaded safely and that packages are secured for transport. Load securing must comply with current worldwide regulations and country-specific legislation and be state of the art.

All transport-relevant documents, as outlined in [chapter 9.5 Shipping Documents](#), must be provided by the Supplier no later than the time of pick-up by the driver. At the request of MAHLE, the Supplier is required to provide the transportation documents in advance.

The Supplier is expected to be available for pick-ups and deliveries between the hours of 06:00 and 22:00. In the event of any exceptional changes on the part of the Supplier, the Supplier is obliged to inform MAHLE of this at least six weeks in advance.

In the case of deliveries with the Incoterm DAP, the Supplier is responsible for ensuring that the forwarder carries out all requested actions in relation to customs processes as instructed by MAHLE. Please also refer to [chapter 10. Foreign Trade and Export Control](#), for further details.

9.3 Transport Processing

MAHLE employs a variety of transportation processing methods depending on the supplied MAHLE plant. The following forms of transportation processing are currently in use:

- [9.3.1 Transport ordered via MAHLE Transport Management \(MAHLE TM\)](#)
- [9.3.2 Transport ordered without MAHLE Transport Management \(NON TM\)](#)
- [9.3.3 Parcel service deliveries](#)
- [9.3.4 Special transport and expedited freight](#)

Before the start of the project, the Supplier is informed whether planning for the MAHLE plant to be supplied will take place with or without MAHLE TM if the Incoterm FCA has been agreed. This includes the information on whether the date transmitted via EDI is the pick-up date at the Supplier (→ MAHLE TM) or the delivery date at the MAHLE plant to be supplied (→ NON TM).

Prior to utilizing MAHLE TM, the Supplier must complete a comprehensive implementation process. During this process, the Supplier is provided with all the essential information and contacts necessary for the effective use of MAHLE TM.

If you have further questions regarding transportation, please contact the MAHLE plant to be supplied.

9.3.1 Transport ordered via MAHLE Transport Management System (MAHLE TM)

If the transport is processed via MAHLE TM, the pick-up date is transmitted to the Supplier and call-offs are sent on daily basis. In addition, if transport ordering has been implemented by MAHLE then direct ordering at LSP is not allowed. In the transport ordering process, the Supplier and MAHLE LSP automatically receive the orders regarding pick-up date and quantities, which have to be strictly followed. The Transport Order (TO) number, created by MAHLE TM in the transport ordering process, must be available from the LSP side when picking up the shipment on the Supplier side. This ensures the clear allocation of the shipment and that the right quantities are loaded onto the truck or container.

9.3.2 Transport ordered without MAHLE Transport Management System (NON TM)

Transportation not handled via MAHLE TM, must be pre-advised in writing by the Supplier to the LSP provided by MAHLE. The notification must be communicated to the LSP sufficiently in advance. MAHLE will provide the Supplier with more precise details regarding the lead time in advance of the first delivery of the project and in the event of changes to the project. The Supplier is also responsible for the proper determination of the gross weight and the average load weight of the shipment. Additional costs incurred due to incorrect weight information must be paid by the Supplier.

Due to NON TM planning, the date in the delivery call-off means the delivery date at the MAHLE plant to be supplied. Accordingly, the Supplier is responsible for calculating the pick-up date based on the transit times; please refer to [chapter 9.4 Transit Times](#) for further details provided by MAHLE. This must happen under the full responsibility of the Supplier to ensure delivery to the MAHLE location will be on time.

Exceptions to this are only accepted if they have been confirmed in advance in writing by the responsible MAHLE contact person. If the Supplier and the LSP together agree on a dedicated time window in writing, then this process is also approved by MAHLE if there is no risk of delay or any other discrepancy for MAHLE.

9.3.3 Parcel service deliveries

Packages within the locally permissible maximum weight and dimensions must be shipped using the parcel service providers appointed by MAHLE. Regional rules may apply to parcel service deliveries.

It is the responsibility of the Supplier to ensure that the packaging instructions are observed and that they comply with regional and legal requirements.

9.3.4 Special transport and expedited freight

Special transport must be arranged, if there has been an interruption in the supply chain which causes a delay in the planned delivery. The Supplier must inform the responsible MAHLE contact person of the transport details. Any additional special freight costs will be borne by the party that caused them. Special freight costs caused by the Supplier will be claimed and recovered from the Supplier by MAHLE and will also be included in the Supplier evaluation.

9.4 Transit Times

When transportation is handled via MAHLE TM, transit times are automatically taken into account, and the pick-up date is specified accordingly.

For the NON TM delivery concept, the Supplier is required to calculate the pick-up date based on the transit time information provided by MAHLE. These transit times are communicated to the Supplier by MAHLE in advance of the first delivery. MAHLE shall inform its suppliers with sufficient lead time in the event of changes to the original transit time.

It is the responsibility of the Supplier to review these transit times together with the scheduled deliveries and adjust the shipping schedule accordingly. It is also the responsibility of the Supplier to comply with regional regulations regarding working days and public holidays.

Should you require further information on transit times, please contact the relevant contact person at the MAHLE plant responsible for receiving your delivery.

9.5 Shipping Documents

In order for the LSP to be able to register the shipment, it is the responsibility of the Supplier to provide the LSP with the transportation and customs documents in addition to the delivery note. The waybill must contain all the necessary information to uniquely identify the shipment (TO number, invoice, order number, etc.).

The Supplier must ensure that all required shipping documents are provided according to the respective local laws and regulations.

9.6 Loading

The loading process must be completed immediately after the vehicle becomes available. The following processing windows (loading of full loads, unloading of empties and administrative processing) will be applicable assuming that the loading units are available within the agreed loading time window:

- Parcels and express deliveries: immediately
- Shipments of up to 2.5 tons: max. 60 minutes
- Partial and total loads: max. 90 minutes

The additional expenditures will be invoiced to the originator if the Supplier causes inadequately long processing times. The fault of third parties (e.g. customs processing) is excluded from this regulation. The Supplier must guarantee the on-time delivery of the goods based on their own initiative if an orderly pick-up by the freight forwarder is not possible due to supplier-related issues (e.g. goods are not available at the forecasted time, unreasonable waiting times, etc.). In the event that the defined pick-up time window for freight forwarders (e.g. as part of milk runs) is not met due to a fault of the Supplier, the Supplier must organize the transport at their own expense to guarantee on-time delivery.

9.7 Hazardous Goods

The dispatch of reduced quantities (within the hazardous goods definition), and any goods to be declared as hazardous goods, may only be brought about under consideration of valid legal regulations for hazardous goods. The Supplier is obliged, when labeling the goods, to transmit to the forwarding agent the classification according to the ADR (Agreement concerning the International Carriage of Dangerous Goods by Road) and any special demands on the transportation (demands on the means of transport, equipment, etc.). Additionally, the Supplier must create all documents and papers necessary for the shipping/ transportation of the hazardous goods and transmit them to the freight forwarder upon collection at the latest. The labeling of the loading units by the Supplier must be carried out according to the legally specified conditions.

9.8 Routing Orders

A routing order, which is applicable only in the case of **NON TM** and **Incoterm FCA**, describes the procedure of transportation of goods transported at the expense of MAHLE. It is issued by MAHLE and transmitted to the Supplier via the usual means of communication per e-mail or mail. All relevant information such as the approved forwarding companies, the process of notification, the transit time etc. are described in detail in the routing order. The routing order must be confirmed by the Supplier in writing within the prescribed period. Any extra costs incurred caused by failure to observe the routing order must be borne by the Supplier.

10. Foreign Trade and Export Control

10.1 Foreign Trade

This chapter governs all transactions and business relationships related to customs and foreign trade between MAHLE and the Supplier.

10.1.1 Product Specifications

The Supplier agrees to provide accurate and comprehensive product descriptions, including all necessary technical specifications on request.

The Supplier shall classify products according to the correct customs tariff numbers and classifications and ensure that all products meet applicable legal and regulatory requirements in the destination country.

10.1.2 Documentation

The Supplier shall be responsible for providing complete and accurate documentation related to the supplied products.

The required documentation, as listed in [chapter 10.1.12 Formal requirements for foreign trade documentation](#), may include but is not limited to invoices, bills of lading, certificates of origin, packing lists, and customs declarations. It is the responsibility of the Supplier to ensure the timely submission of these documents.

In the event of an audit by relevant authorities or border customs inspections, the Supplier shall, upon request, promptly provide detailed evidence and supporting documentation as required. This shall be done without delay to facilitate compliance with legal and regulatory obligations.

10.1.3 Customs Classification and Valuation

In the export country, the Supplier is solely responsible for the correct national classification and valuation of products for export customs purposes. Any errors or discrepancies shall be promptly corrected by the Supplier.

In the event of disputes or enquiries from customs authorities, the Supplier shall cooperate fully with MAHLE to resolve such matters.

10.1.4 Export/Import Customs Clearance and Costs

The party acting legally as the Exporter of Record or the Importer of Record, shall bear full responsibility for the export or import customs clearance process, including all associated costs, fees, and duties.

10.1.5 Free Trade Agreements

Where applicable, the Supplier shall provide all necessary documentation and information to enable MAHLE to benefit from preferential trade agreements or free trade agreements.

The Supplier shall promptly notify the Client of any changes in trade-related and preferential origins that may affect the applicability of preferential tariff treatment or compliance with free trade agreements. This notification shall be provided without delay to ensure that MAHLE can take appropriate actions to maintain compliance with trade agreements.

10.1.6 Country-Specific Requirements

The Supplier shall keep abreast of and adhere to all country-specific customs and international trade regulations, including but not limited to import/export licenses, labeling requirements.

10.1.7 Collaboration with Customs Agents and Brokers

Should the need arise, the Supplier shall cooperate with qualified customs agents or brokers engaged by the Supplier or MAHLE to ensure the smooth and compliant clearance of goods through customs.

All costs associated with such cooperation, including fees and expenses of customs agents or brokers, shall be borne exclusively by the party commissioning the service.

10.1.8 Risk Management

The Supplier is responsible for identifying and mitigating risks associated with customs and international trade, including compliance risks, legal risks, and logistical risks.

In the event of any violations of customs and foreign trade regulations that may lead to delays in the delivery process, the Supplier shall inform MAHLE without delay.

10.1.9 Compliance

The Supplier shall conduct its business operations in full compliance with all applicable local, national, and international customs & foreign trade laws and regulations.

10.1.10 Permits and Simplifications

It is the Supplier's sole responsibility to ensure that all necessary permits, licenses, or simplifications required for customs activities are obtained in advance of shipment.

10.1.11 Liability

The Supplier shall be liable for any damages, fines, penalties, or losses incurred by MAHLE due to the Supplier's non-compliance with this Agreement or violations of applicable laws and regulations.

10.1.12 Formal requirements for foreign trade documentation

To ensure a smooth import customs process and the transparency of the business setup for local customs authorities in the destination country, it is mandatory that the Supplier includes the following documents and information with the shipment:

1. DOCUMENTATION

- a) Commercial or pro-forma invoice
- b) Delivery note
- c) Packing slip/Packing list
- d) Airwaybill/Bill of Lading/CMR note
- e) Any documentation concerning the preferential origin (only if applicable)
- f) MTC (only if applicable)

2. INFORMATION ON COMMERCIAL DOCUMENTS

- a) Recipient of the invoice (bill to)
- b) Recipient of the goods (ship to)
- c) Buyer (contract partner)
- d) Shipper (Supplier's loading address)
- e) Seller (Supplier)
- f) Incoterm
- g) Customs Tariff Number (minimum HS Code)
- h) Exact description of the goods
- i) Correct value/price of the delivered goods (per line item)
- j) Total net and gross weight of the shipment
- k) Net weight of the goods
- l) Number of individual packages
- m) Number of units or weight of material (kg, pcs., etc.)
- n) Non-preferential origin
- o) Preferential origin (only if applicable)
- p) Order number
- q) Invoice number

10.2 Export Control

The Supplier is obliged to inform MAHLE of any applicable requirements or restrictions on (Re) exports of the items (goods, software, technology, etc.) in accordance with applicable export control regulations, as well as export control regulations of the country of origin of the items in advance, but at the latest with the first shipment.

For items (goods, software, technology, etc.) subject to any applicable authorization or restriction, the Supplier is obliged to submit the significant classification number (including but not limited to the national list number (exporting country*), US (Re) Export Control number (like ECCN, EAR, etc.) and European Export Control List (EU classification number) in advance, but at the latest with the first shipment. Any change of the classification, required authorization, requirement to the supplied item caused by any legislative change, regulatory determination, technical change, etc. must be submitted without delay to MAHLE in writing.

If the Supplier does not submit the necessary information, documents and/or declarations in time, truthfully or completely, MAHLE shall be entitled to withdraw from the contract or to terminate the contract without notice and the Supplier will not be able to derivative claims against MAHLE.

* if applicable: export control regulation of the country of origin

11. Contingency Plan

In accordance with IATF Standard 16949 or ISO 9001, automotive suppliers are expected to have a clearly defined emergency procedure. This contingency plan must be disclosed, and its feasibility demonstrated upon request by MAHLE. The contingency plan developed by the Supplier must also be approved by MAHLE prior to first delivery.

The Supplier must identify potential emergency scenarios that could disrupt its operations or supply chain. These scenarios may include natural disasters, industrial accidents, Supplier failures, cyber-attacks or other critical incidents. The Supplier should conduct a thorough risk assessment to determine the impact of each identified contingency scenario on its business operations. Based on the assessment, appropriate mitigation measures must be put in place to minimize the potential consequences.

This plan should outline specific actions, responsibilities, and communication protocols to be followed during the crisis (e.g. Business Continuity Plan (BCP) or Disaster Recovery Plan).

The Supplier is expected to notify MAHLE immediately upon the occurrence of such an emergency scenario. Timely reporting of the incident and its impact is critical for effective decision-making. In the event of an emergency, an emergency response team must immediately activate the appropriate contingency plan. This may include implementing alternative production or procurement methods, rerouting logistics, or working with other suppliers at no additional cost to MAHLE.

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