

Doing Business with Detroit Diesel Corporation

A supplier's guide to a successful relationship with
Detroit Diesel Corporation



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1. Preface

1.1 Welcome to Doing Business with Detroit Diesel Corporation

To establish and maintain a successful business relationship with Detroit Diesel Corporation (DDC), suppliers must meet specific requirements and adhere to certain defined processes. DDC expects to receive quality products and services in the right quantity, at the right price, and on time. We are providing our suppliers with this guide to confirm the key steps they must follow for a long-lasting and successful business relationship with DDC.

This guide sets forth commitments the supplier makes to DDC and outlines expectations by presenting a logical progression of departments, events and documents that will be encountered when doing business with DDC. We trust suppliers find this guide helpful and look forward to a mutually rewarding business relationship.

Thank you for your interest in this guide and your service to Detroit Diesel Corporation.

2. Purchasing

DDC strives for a long-term relationship with its suppliers based on mutual trust and shared business success. All sections in 2.0 refer to Production and Aftermarket Purchasing, unless specifically noted.

2.1 Purchase of Materials

2.1.1 Production Parts

Products currently used in production for the manufacturing and/or assembly of complete engines, axles, transmissions, batteries and aftertreatment systems.

2.1.2 Production Spare Parts

Products currently used in production or placed into production and sold by suppliers to DDC for the repair or replacement market will be priced to DDC at the same price specified for the production parts plus any incremental costs associated with packaging.

The sum of the price of all sub-components for any given assembly should not exceed the price of the assembly itself.

2.1.3 Service Only Parts

Parts phased out of production are to be offered on a continuing basis to the DDC repair or replacement market at the production price level in effect on the last day of use in production for a period of not less than three (3) years after the date of last use in production.

Any agreed upon prices will take effect with a minimum 90-day delay from the date of final agreement. Price reductions are permitted with no notification to adjust to changing market conditions.

Suppliers are required to provide post-production parts availability as outlined in the DDC Standard Terms and Conditions.

2.2 Requests for Quote from DDC

As part of the ongoing development and improvement of our products, DDC requires that suppliers quote new or modified parts via RFx app in the Daimler Truck Supplier Portal.

To participate in these business opportunities, it is DDC's expectation that suppliers comply with the following Request for Quote (RFQ) requirements:

- Timely response to the request as stated by the due date (normally: two (2) weeks if no tooling required, three (3) weeks if tooling is required and up to six (6) weeks for major projects which may require complex tooling/development or onsite presentations.
- RFQ format must be considered when responding. If DDC RFQ format is used, quote is expected to be returned in that format.
- Signed Non-Disclosure Agreement must be on file before the RFQ proposal is submitted for consideration.
- Signed Warranty Agreement, Aftermarket Products Agreement, copies of the supplier's IATF 16949 and ISO 14001 certificates, and confirmation from the supplier that forced labor is not used by the supplier or any of the supplier's suppliers must be on file or provided with the RFQ proposal submitted for consideration.
- If the scope of the request for quote contains software, the supplier accepts, by offer submission, the current Free and Open Source Software (FOSS) Terms and Conditions and must sign the FOSS Disclosure Agreement and FOSS Terms and Conditions.
- If tooling is required, documentation of all tooling costs, lead times and options must be submitted with the RFQ proposal.

2.3 Purchase Contracts

The purchase contract is a general agreement which stipulates part numbers and prices as well as DDC's required terms and conditions of purchase (including, but not limited to, adherence to this guide). Purchase contracts are created for recurrent requirements such as parts needed for ongoing production. The purchase contract may expire at the end of the year or continue for multiple years. It is the supplier's responsibility to confirm all contracts issued by DDC. Failure to confirm contracts could impact DDC's ability to pay the supplier for goods received or services

rendered. DDC may withhold any mutually agreed pricing updates until the supplier has confirmed its current contract in DDC's contract system. By delivering goods or providing services under a purchase contract, the supplier acknowledges and accepts all terms and conditions of that contract, including without limitation, DDC's required policies and this guide. Any failure to deliver timely goods or services at the agreed upon prices, for any reason, including without limitation, due to open price claims or ongoing negotiations or pending payments against the contract is considered a material breach of the purchase contract. Suppliers will be liable for all damages incurred by DDC and/or its affiliates in the event the supplier fails to timely deliver parts or refuses to accept orders for parts. DDC reserves the right to seek injunctive relief or other equitable remedies, in addition to monetary damages, as disruptions in supply cause irreparable harm that cannot be adequately remedied by monetary damages alone.

2.4 Other Contracts

Successful suppliers will be expected to enter into one or more of DDC's standard contracts in addition to the purchase contract to manifest the intent and the terms of the business relationship. Common examples include, without limitation:

1. Non-Disclosure Agreement
 - Assures confidentiality between DDC and the supplier.
2. Warranty Agreement (should be signed and submitted before, or with, supplier quote)
 - Detailed information can be found in Section 11 of this guide.
3. Supplier Quality Agreement
 - Defines quality and logistics related requirements agreed between DDC and the supplier to minimize quality risks related to project start-up or in connection with supply of series production.
4. Aftermarket Parts Agreement
 - Ensures compliance for End of Series (EOS) parts and service only parts regarding the future pricing model, exclusivity provisions, service longevity, remanufacturing rights, and part branding requirements.

5. Development Agreement

- Documents all aspects and agreements during the development phase of a project prior to production, including without limitation, ownership of any intellectual property or technology developed during the project.

6. FOSS Disclosures and Terms and Conditions

- Documents the supplier's representations about the use of FOSS in any deliverable and sets forth the terms and conditions applicable in the event FOSS is present.

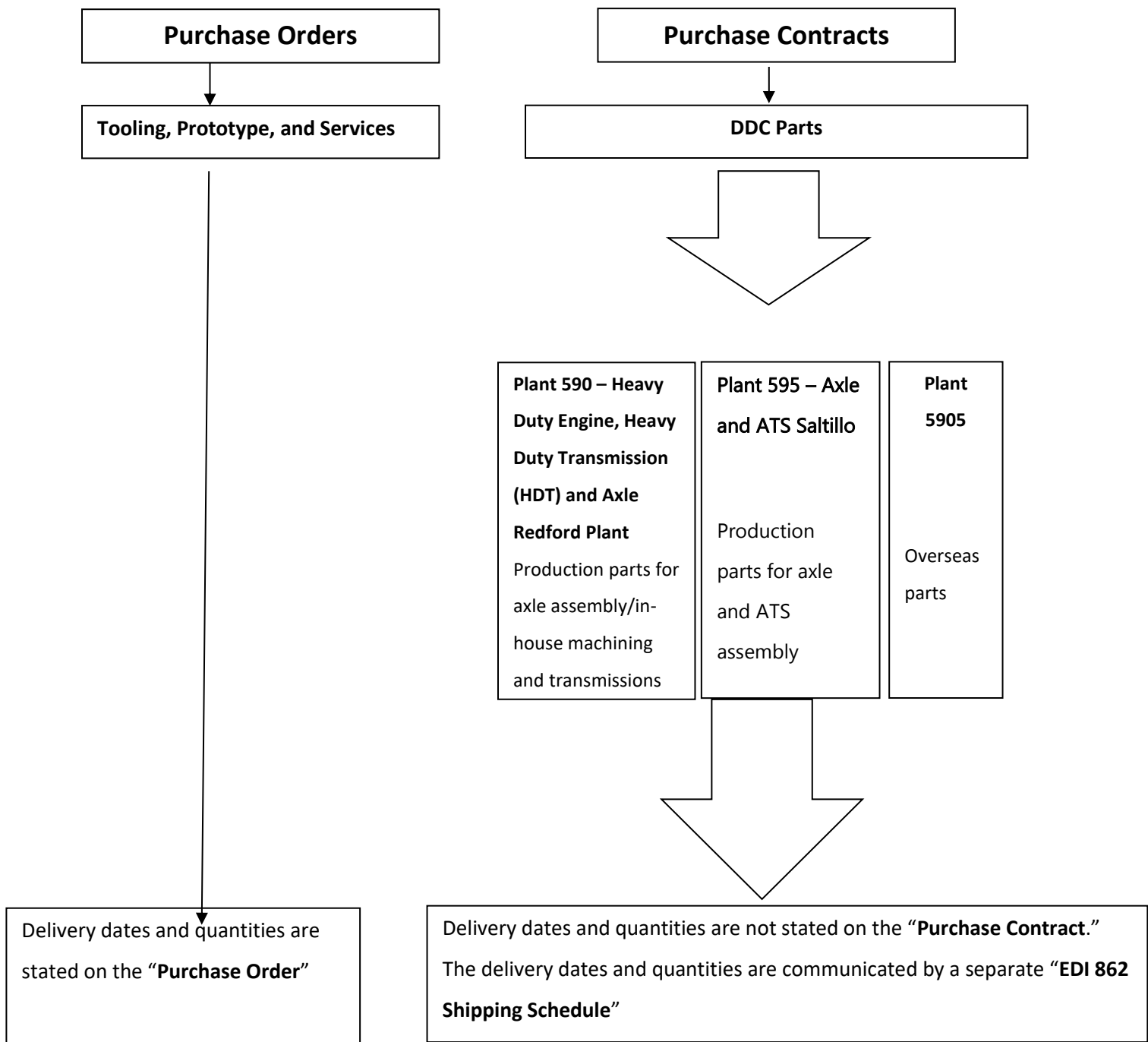
7. Long Term Agreement

- Outlines pricing and annual cost reductions and/or efficiency improvements for the period of the agreement.
- Documents a relationship lasting more than one year with a commitment to competitive pricing, acceptable quality and delivery performance.
- For the aftermarket, suppliers will be expected to enter into a long term agreement (LTA) for End Of Series (EOS) parts and service only parts, that will outline the future pricing model, annual cost reductions and/or efficiency improvements and delivery performance for the parts covered by the agreement.

2.4.1 MRO Purchase Orders

Automotive Industry Action Group (AIAG) Labels are required for all incoming Maintenance, Repair and Operations (MRO) products. For more info regarding the AIAG Labels please contact the buyer listed on your PO.

2.5 Chart of Purchase Contracts and Purchase Orders



2.6 proQ and eAccept

proQ is the Daimler Truck procurement system landscape for production material and services. With several IT modules, proQ issues purchasing documents such as inquiries, orders and contracts originating from DDC to be exchanged over the internet, along with any required file attachments. After registering for proQ within the Daimler Truck Supplier Portal, suppliers can receive these documents and submit quotes. To use proQ, the "proQ Terms of Use" must be accepted when entering the system for the first time.

With the integrated feature eAccept (separate Terms of Use apply), suppliers can also confirm contracts, price agreements and purchase orders in proQ.

Access to proQ is supplied via the Daimler Truck Supplier Portal supplier.daimlertruck.com.

An application is provided including a neutral log-in procedure with administrative functions for business partners.

Some of the advantages of using proQ and eAccept are:

- Paperless contracting
- Confirmation of receipt and delivery based on online transmission
- Reduction of administrative workload
- Immediate notification of new parts on a contract
- Reduction of invoice discrepancies which can be caused by delayed reviews of the pricing agreement

The use of proQ and eAccept are free of charge to our business partners.

To have access to proQ and eAccept, please request the application "proQ" in the Daimler Truck Supplier Portal and decide whether you need the "User with eAccept" role or only the "User" role. Once your portal manager has confirmed your role request, you automatically have access.

2.7 Financial Information

To avoid the interruption of product flow from suppliers, which could negatively impact manufacturing operations and delivery of products to our mutual customers, DDC practices preventive financial supplier risk management (FSRM). To accomplish this, DDC conducts ongoing analysis of its suppliers' financial statements. This effort is supported by Creditreform AG. Suppliers will be expected to provide information in the form of balance sheet and income statements on an ongoing, annual basis. The data provided by suppliers will be evaluated exclusively for DDC's benefit and will not be made available to any other suppliers / customers. The original and detailed data will be deleted immediately after the evaluation by Creditreform Rating AG and only summary data will be transmitted to Daimler Truck AG. A supplier may also be asked to provide additional information in the form of a current corporate presentation, including product portfolio, legal structure and customer structure.

2.8 Supplier Evaluation

The intent of the supplier evaluation is to review and evaluate the performance of potential and existing suppliers in terms of the four value drivers: quality, cost, technology and supply. The supplier evaluation supports the pre-production, series production and aftermarket purchasing processes and provides an early indication of support needs for suppliers in the case of an award. Methods of supplier evaluation include the On-Site Assessment (OSA), Internal Cross-functional Assessment, and Procurement Score Card.

The OSA is used to evaluate potential new suppliers and current suppliers with an expanded scope of supply or with new manufacturing plants within the scope of a new contract award for product projects, series production and aftermarket. The main element is the on-site evaluation of the supplier by a cross-functional team of representatives from Purchasing, Engineering, Quality, Manufacturing, Materials and Supplier Management. Results of an OSA are communicated to the supplier at the end of an assessment using a feedback form containing the category rating, noted highlights, and potential for improvement.

The Internal Cross-Functional Assessment (ICA) is used to evaluate current suppliers within the scope of a new contract award for a product project before start of production. Previous and current experience with the supplier is evaluated by Purchasing, Engineering, Supplier Management, Quality, Production, Materials and After Sales by means of a questionnaire.

OSA and ICA results in one of the following supplier classifications:

- Category 1 – Suitable for cooperation with DDC
- Category 2 – With support, suitable for cooperation with DDC
- Category 3 – Unsuitable for cooperation with DDC

(Note: receipt of a Category 1 or 2 rating does not indicate or guarantee an awarding of business or the continuation of business and does not waive any rights of DDC under contracts or law.)

The Procurement Scorecard (PSC) is an instrument for continuous assessment of the performance of current suppliers. Target values are determined for each PSC parameter in interdisciplinary cooperation with Operative Purchasing, Quality, and Supplier Management/Logistics and are tracked in the PSC. The results are communicated to the suppliers via the supplier portal.

PSC supports the following:

- Commodity Strategies
- Sourcing Decisions
- Supplier Development Activities
- Supplier Awards

2.9 Material Price Notation

Suppliers are required to utilize the Daimler Truck raw material price calculation, Material Price Notation (MPN), for raw material surcharge purchase contract price updates. MPN utilizes agreed upon part weights and material indexes to make automatic contract updates at agreed upon intervals. MPN eliminates the administrative burden of manually updating contracts and reduces debit memos and other invoicing issues resulting from delays in purchase contract approvals.

The supplier agrees to review and accept all updated contracts within 10 days. Any contract which the supplier does not expressly reject shall be deemed accepted 10 days after it is available in eAccept or has been received via email.

2.10 Cost Transparency

Only a strong and stable network of partners is able to navigate the many challenges in an ever-changing business environment. This is why reliable and long-lasting teamwork with suppliers is a tradition at DDC.

DDC employs various methods to assure supplier pricing can withstand the global competitive pressures at play in today's marketplace. One of these methods is a collaborative use of cost transparency to aid in the establishment of an agreed-on price for new business awards and changes to parts within existing business. In exchange, DDC may share in-house reference calculation results to help optimize the total value chain.

3. Tooling

DDC Asset Management is responsible for all DDC owned tooling at supplier locations for both new and existing Daimler Truck specific tools used to manufacture parts. This includes tools, fixtures and gauges that are within the Daimler Truck Tools, Fixtures, and Gauges (TFG) Guideline scope/thresholds summarized below, including but not limited to:

- Original Tools, Fixtures and Gauges 100% direct payment

The Daimler Truck owned tooling is specifically made for and designated exclusively to Daimler Truck component supply. Daimler Truck will issue 100% direct payment according to the negotiated payment terms.

The supplier will identify a point of contact for tooling and communicate it to ddc-asset-mngt@daimlertruck.com.

Any general tooling questions can be directed to ddc-asset-mngt@daimlertruck.com.

3.1 Tooling Tagging

Production and prototype tooling owned by DDC located on the premises of a tier one or its sub-suppliers must be permanently tagged to reflect DDC's ownership. Tools must be tagged in a durable and legible manner. If the tag has been misplaced or is no longer on the tool for any reason, or if the tool was previously untagged, the supplier must inform DDC Asset Management (ddc-asset-mngt@daimlertruck.com) who will provide instructions to obtain new tags. The supplier must confirm retagging within 60 days of notification to DDC Asset Management.

All new tools must be tagged within 90 days of Production Part Approval Process (PPAP). DDC may hire a third party to contact the suppliers once the tools have been capitalized on DDC's assets list. DDC or the third party will assign the tag number and distribute the labels. All new tools are required to be verified during every subsequent one-year cycle until they are disposed of.

DDC or the third party will contact the supplier during the tooling verification process to confirm new and existing tooling is tagged properly.

Selected suppliers are required to submit photographic evidence of compliance with the tagging requirements at the same time as the submission of the tooling verification form. DDC will provide the picture forms to complete: two (2) photos are required per each tool (one of the tag and one of the tools).

3.2 Tooling Confirmation

To maintain compliance with governmental regulations and internal controls, DDC is required to verify all tooling on a yearly basis. Suppliers must submit the verification form following the instructions given.

DDC may engage a third party to contact suppliers and ensure that all tools are verified through the annual cycle count.

Upon acquiring a completed production tool, supplier is responsible for providing confirmation by filling out the Verification Form as part of the annual asset verification process.

The following information is required to be confirmed by the supplier on an annual basis:

- Location of tool(s) confirmation
- If it is a different location, provide tooling location company name and address
- Tool(s) type
- DDC asset tag must be affixed to tooling. If tag cannot be affixed, it is the supplier's responsibility to come to a solution with DDC Supplier Management that both parties agree to

"Dear,

Please, complete, date, sign and return the attached 20XX Tooling Verification Form to DDC Asset Management (ddc-asset-mngt@daimlertruck.com), via email by May 31st, 20XX.

Annually, Daimler Truck AG ("Daimler") is required to verify the Production Tooling owned by Detroit Diesel Corporation ("DDC") located at the Tier 1 or its vendor facilities. Furthermore, the tooling mentioned must be permanently tagged (physically or on file) to reflect DDC ownership. Please contact DDC Asset Management (ddc-asset-mngt@daimlertruck.com) immediately if you need additional information or support. If you are not sure who your vendor scheduler is, reply to this email asking for confirmation.

Please contact Detroit Asset Management (ddc-asset-mngt@daimlertruck.com) if you need additional information or support."

[illegible]

3.3 Tooling Relocation

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DDC will need to know the old and new addresses of the tool, as well as understand the impact to the part supply. The supplier must submit the relocation form to Detroit Asset Management (ddc-asset-mngt@daimlertruck.com) in order to update the information in the system.

If a supplier opens a new facility an OSA will need to be conducted to ensure the business change fits DDC needs.

If a tool is moved across an international border, a Bailment Agreement must be concluded with DDC. For information on where to find a Bailment Agreement, please contact your purchasing agent.

 TOOLING RELOCATION FORM		DAIMLER	
Detroit Diesel Asset Management ddc-asset-mngt@daimler.com		2020	
For Detroit Diesel Use Only			
Part 1. Reason for Relocating the tooling			
1.a. ☐ Resource * Do NOT complete Part 2		1.b. ☐ Tier 1 / Tier 2 - Subsupplier * Complete Part 1 and 2 only	
Part 2. Tooling Information			
1.a. Detroit Diesel Asset Number		1.b. Detroit Diesel Part Number	
1.c. Detroit Diesel Tag Number			
SUPPLIER TO COMPLETE			
Part 1. Current Supplier Information			
<i>General Information</i>			
1.a. Supplier Name		1.b. Tooling Location Name	
1.c. Tooling Location Street Number and Name		1.d. City or Town	
1.e. State		Zip Code	
Part 2. Sub supplier / Tier 2 Information			
<i>General Information</i>			
1.a. Supplier Name		1.b. Tooling Location Name	
1.c. Tooling Location Street Number and Name		1.d. City or Town	
1.e. State		Zip Code	
Part 3. Tooling Information			
<i>General Information</i>			
1.a. Tool Picture		Tag Picture	
		Tool Picture 1	
		Tool Picture 2	
Quality Information			
2.a. Last Maintenance Date		2.b. Number of Shots left on the tool	
mm/ dd/ yyyy			
Inventory Management			
3.a. Bank Build Quantity		3.b. Tooling End Date	
		mm/ dd/ yyyy	
Part 4. Transportation Information			
<i>Pick-Up Information</i>			
1.a. Pick-Up Date		1.b. Pick-Up Time	
mm/ dd/ yyyy		hh:mm am/ pm	
1.g. Dock Hours		1.f. Contact Name	
Measures			
2.a. Total No. of Skids		2.b. Dims (Size) (cm or in)	
2.c. Total Weight (kg or lb)		2.d. Stackable	

3.4 Scrap Tooling

If a supplier desires to scrap tools, they must contact Detroit Asset Management (ddc-asset-mngt@daimlertruck.com) and fill out the scrap form that will be provided.

DDC will review the scrap requests during the internal cross-functional scrap meeting that takes place on a monthly basis and give the suppliers feedback on their requests.

After the tooling has been scrapped, the supplier needs to provide Detroit Asset Management (ddc-asset-mngt@daimlertruck.com) with a copy of the scrap ticket/receipt for proof of disposal.

 TOOLING SCRAP FORM Detroit Diesel Asset Management ddc-asset-mngt@daimler.com		DAIMLER 2020	
For Detroit Diesel Use Only			
Part 1: Tooling Information			
1.a. Detroit Diesel Asset Number			
1.b. Detroit Diesel Part Number			
1.c. Detroit Diesel Tag Number			
SUPPLIER TO COMPLETE			
Part 1: Current Supplier Information			
<i>General Information</i>			
1.a. Supplier Name		1.b. Tooling Location Name	
1.c. Tooling Location Street Number and Name		1.d. City or Town	
1.e. State		1.f. Contact Name	
1.g. Contact e-mail			
Part 2: Reason for Scrapping			
Explain below why you want to scrap the tool			
Part 2: Tooling Information			
<i>General Information</i>			
1.a. Tool Picture		Tag Picture	
		Tool Picture 1	
		Tool Picture 2	
<i>Quality Information</i>			
2.a. Last Maintenance Date		2.b. Number of Shots left on the tool	
2.c. Last Producing Date		2.d. Does the part produce sister or successor parts? If yes, go to 2.e.	
2.e. If yes in 2.d., list the part		2.f. Is the part produced by the tooling part of a service kit?	
2.g. Did Detroit Diesel buy a new tool? If yes, go to 2.h.		2.h. If yes in 2.g., list the new PO issued	
Use the box below for Additional Comments			
<i>As per Doing Business with Detroit Diesel guidance, once the tool has been approved to be scrapped you MUST submit the proof of destruction/ticket of scrapping within 15 days.</i>			

4- Scrap Form

3.5 Shot Counter Tooling

DDC reserves the right to implement shot counters on both new and existing DDC owned vendor tools. The installation cost of the counter will be a part of the total tooling cost. The counter will be provided by DDC and sent to the supplier (Tier 1). The supplier will be responsible for ensuring proper installation and functionality of the counter, both of which will be reviewed during PPAP. The supplier must also ensure the counter avoids damage. Any damage should be reported to DDC Purchasing immediately. DDC reserves the right to access the counter at any time. If a tool is scrapped, the shot counter must be sent back to DDC.

3.6 Replacement/Refurbishment/Maintenance of Tooling

The supplier is expected to match the tooling life as indicated in the tooling shot count in WBV. Refurbishment Communication Requirement: The supplier is responsible for forecasting when a replacement/refurbishment/maintenance of tooling must be initiated and to proactively communicate the high potential failure of tooling based on the supplier's internal monitoring plan and shot count. It is expected that the supplier electronically communicates, reaches an agreement with DDC and provides written acceptance, no later than the third quarter of the previous calendar year. If these requirements are not met, the supplier will bear full responsibility for the replacement or refurbishment of the tool.

Some suppliers might be required to complete at least a quarterly Tool Status Tracker File and send it to the Supplier Quality Engineer for review.

3.7 Tooling Storage

All tooling owned by DDC and controlled by the supplier shall be stored in a manner that will prevent damage and/or deterioration when not in use. All tools shall be stored in plastic packaging or other suitable covering.

- Tools over 50 lbs. require a plywood storage crate that complies with international shipping regulations.
- Crates are to be labeled clearly as the property of DDC. If due to dimensions a crate is not feasible, DDC can approve an appropriate fabricated shipping stand.
- Tools on stands should be protected from the environment by proper use of plastic and desiccant as needed to prevent moisture damage.
- Outdoor storage of DDC's tools is not allowed.

- DDC's tools will be stored separately from the supplier's tools with access by authorized personnel only. If it is not feasible to store DDC's tools separately, then tools will be marked as DDC owned to be distinguished from the supplier's own tools.

DDC has the right to review access control policy and procedure, and to confirm that those procedures are implemented. The tool will have an onsite location code assigned and maintained by the supplier.

DDC reserves the right to debit the supplier for the gross book value of tooling if the supplier does not fully comply with Section 3.1 through Section 3.7.

4. Quality Requirements

4.1 Certifications Requirements

DDC requires its production part services and parts suppliers to be IATF16949 and ISO 14001 certified.

The supplier shall be responsible for uploading copies of valid third-party registrar certifications in the Certus-Truck application within the Daimler Truck Supplier Portal and ensure that valid certificates are always available in Certus-Truck. It is the supplier's responsibility to ensure certificates always remain valid. Expired or invalid certificates will be considered non-compliant with DDC requirements.

Should the re-issuing of a certificate be delayed, the supplier must notify the buyer before the current certificate expires and provide the new re-certification date. If the valid certificate or binding schedules for obtaining the corresponding certificate is not achieved, DDC is entitled to consider discontinuing business and/or resourcing the product or service.

In rare instances, certain suppliers may be exempt from the certification requirement depending upon the nature and/or quantity of products and services. Exempt status is determined solely by DDC Supplier Management.

4.2 Production Part Approval Process (PPAP)

The Production Part Approval Process (PPAP) is intended to verify that the supplier's manufacturing process is capable of consistently producing parts that meet all design and specification requirements, ensuring future part quality and performance.

DDC applies PPAP according to the standards and guidelines set forth by the Automotive Industry Action Group (AIAG).

Further information and the latest version of the AIAG PPAP manual as well as all AIAG manuals can be found at the Automotive Industry Action Group's web site: <http://www.aiag.org>.

Acceptance of Cooperative PPAP Approvals:

DDC may accept PPAP approval from other Daimler Truck companies when the same part number and design level is supplied from the same manufacturing location, and the international supply is coordinated through a Daimler Truck company in cooperation with DDC.

When the supplied parts meet this criterion, the supplier will be requested to submit, at a minimum, the following documents via the Smart IBL application:

1. A completed DDC-generated PSW (do not change the document name)
2. A PDF copy of the accepted IMDS submission
3. A copy of the PSW disposition from the cooperative Daimler Truck company

Customer Change Notification - The supplier organization shall notify the authorized customer representative of any planned changes via the Product/Process Change Notification Form as defined within the AIAG PPAP manual – 3.1 Customer Notification.

Customer specific requirement - addendum to AIAG PPAP manual SECTION 3 – CUSTOMER NOTIFICATION AND SUBMISSION REQUIREMENTS, 3.1 Customer Notification, Table 3.1, Example of changes requiring notification, specific to item 5:

5. Change of supplier for raw materials, parts, non-equivalent materials, or services (e.g., heat treating, plating).

Upon notification and approval of the proposed change by the authorized customer representative, and after implementation, PPAP submission is required unless otherwise specified.

Note: Only PPAP documentation submitted in English will be accepted for consideration by DDC.

4.2.1 PPAP Documentation

The responsible DDC Supplier Quality Engineer will initiate PPAP requests to the supplier of record through the Smart IBL application. Suppliers will receive an email notification containing a link to the specific request. Each request will outline the required submission details.

All PPAP documentation must be submitted electronically by the supplier through the Smart IBL PPAP application. Failure to do so may result in customer dissatisfaction line calls.

It is imperative that suppliers are registered in the Daimler Truck Supplier Portal and that their designated Quality representatives have access to the Smart IBL application.

Smart IBL application is accessible via the Daimler Truck Supplier Portal:

<https://supplier.daimlertruck.com/portal/en>.

When sample part evaluation is required, final PPAP disposition will be pending sample review. PPAP samples, whenever requested, must be provided at the supplier's expense.

All documentation for PPAP submissions shall be submitted electronically via the *Smart IBL PPAP* application which can be accessed via the Daimler Truck Supplier Portal. Any alternatives to submission via Smart IBL PPAP must be aligned and coordinated in advance with the responsible Supplier Quality Engineer (SQE). Where sample part evaluation is required, PPAP disposition will be pending review of sample parts as part of the submission package.

4.2.1.1 Quality Protocol/PPAP Exception Conditions – Pre-series sample parts

Until series parts PPAP approval is granted, parts may only be shipped under Exception Conditions and with an approval of DDC Supplier Quality Engineer.

PPAP Exception Conditions

1. All parts must include material certification and be 100% inspected (all parts and all features), unless an alternate inspection protocol is agreed to in advance with the responsible Supplier Quality representative; electronic components must be 100% functionally tested.
2. If parts do not conform to specifications, contact the responsible Supplier Quality representative prior to shipping.

3. Label the exterior of the package/container with a standard sheet of 8.5 X 11 or A4 heavy bond white paper, identifying the parts as "100% INSPECTED" in large (font size 86 or bigger) black, bold lettering. This will indicate that the parts conform to the Exception Conditions.

Parts submitted under the Exception Conditions must be contained in their own package/container, separate from any other parts. They should be easily identifiable.

The label should adhere very well to the package/container so that it is not lost during transportation. If the package is received with no label, the parts are subject to rejection.

4. Records of the required inspection described above shall be submitted to the responsible Supplier Quality Engineer and maintained by supplier to be immediately available upon request.

4.2.2 Initial Samples

When a supplier is nominated and/or awarded as a supplier for a production or service part, the buyer responsible may send a Letter of Nomination (LON) or alternative communication in advance of an order (purchase order/purchase contract). With nomination or order, the Preventive Supplier Quality Engineer will provide information to the supplier regarding the timing and PPAP submission level required for part approval. In all cases where samples are required, sample parts must be specifically identified and shipped per Section 4.2.3. Final tooling expenditures are processed only after documented full PPAP approval. The timing of submission is directly related to the final payment of invoices for tooling.

Sample parts not yet PPAP released which are needed to fulfill try-out requirements may be charged at a factor not more than two times the series price. This is to occur when the following parameter is met: Series price is negotiated and contracted at the time of a sample parts order.

Sample for try-out parts definition: Design with series-production status, parts produced out of series materials with series tools, manufactured under conditions that are close to series intent and/or are produced under full series conditions.

Sample part deliveries that are required to support try-out build activities and have not reached a level of PPAP approval shall comply with Quality Protocol/PPAP Exception Conditions as defined in Section 4.2.1.

4.2.3 Identification of Sample Submission for Production Approval

The supplier must label production part sample shipments. These labels are to be applied on the shipping container and must be clearly visible on four (4) sides of the container.

The supplier must note the following information on the label:

1. **From:** Name and address of your company
2. **Part Number:** Assigned part number
3. **Eng. Chg. Or Date:** Drawing revision level / date
4. **No. of PCS:** Number of sample parts
5. **Attention:** Name of Supplier Quality Engineer or contact person & phone no.
6. **To:** Address to which all sample parts must be sent:
 - **Address for Engine, Battery, and Aftertreatment Production Part Samples:**
Detroit Diesel Corporation –West Dock
Changepoint Floor
12200 Telegraph Rd.
Redford, MI 48239
 - **Address for Transmission Production Part Samples:**
Detroit Transmissions Dock
SLOC: S902
12200 Telegraph
Redford, MI 48239
 - **Address for Axle Production Part Samples:**
North Dock – Detroit Axles
SLOC: A902
12200 Telegraph
Redford, MI 48239
 - **Address for Service Part Samples:**
Receiving Inspection Dept. 654
Detroit Diesel Corporation – PDC
515 11th Street, SE
Canton, Ohio 44707

4.2.6 Informing the supplier of quality defects after the successful evaluation of sample parts

Even after successful evaluation of sample parts, DDC checks parts on a continuing basis. DDC does this through the following activities:

- Receiving inspections
- Quality control of parts during processing, assembly, or testing

The Tactical Supplier Quality Engineer (TSQE) will inform the supplier of any quality defects that occur. Quality defects detected during receiving inspection are documented in Defective Material Reports (DMR). Defects detected during processing, assembly, or testing are documented in the respective Line Call Reports. Rejected parts are returned at the supplier's request or stored for a reasonable length of time for analysis and disposition. When DDC requests RMA (Returned Material Authorization), a response must be received within five (5) business days, or the parts will be returned or scrapped at the supplier's expense. If material is returned to the supplier for inspection, sorting results should be communicated promptly or within a time frame agreed upon. Please also note related Section 4.3 "Rejected Material".

4.3 Rejected Material

4.3.1 Introduction

Should the parts supplied be unsatisfactory with respect to quality or do not reflect the drawing, the supplier must take immediate action on the matter toward settlement of the complaint. The supplier must provide and maintain responsible quality contact(s) that have the authority to affect the most expeditious response to complaints. All parts not complying with the drawing specifications or applicable standards will be rejected.

The following must be observed to ensure successful cooperation in this area:

- Provide and keep current the name of person(s) within the supplier organization that is designated as DDC's contact for quality matters (name, tel., email, fax, and a substitute). This information shall be provided and updated via the Daimler Truck Supplier Portal within the Supplier Database Truck (SDBT) application.
- Supplier contact should have the ability to provide, without delay, information on

parts quality and availability.

- Supplier contact should have the authority to immediately initiate quality-related sorting or to appoint and entrust a sub-contractor with that responsibility.
- Supplier contact must complete quality report requests as outlined in Section 4.4.4.1 "Inspection Report Reporting".
- Supplier contact person will work closely with DDC's Reactive Supplier Quality Engineers to settle complaints. This requires the contact person have a good command of the English language.

4.3.2 Defective Material Report (DMR)

A Defective Material Report (DMR) is issued when it is determined that parts shipped by the supplier do not conform to the drawing specifications and/or the standards. This report is compiled by the responsible Tactical Supplier Quality Engineer (TSQE). In addition to a DMR and depending upon the specific case, the TSQE may undertake additional actions and will contact the supplier in advance regarding any of the following:

- Parts are returned to the supplier and the value of the returned parts is charged to the supplier's "account". The supplier will also be invoiced for the cost of the return shipment. Please note in this regard Section 4.3.3 "Return Goods Shipper, Parts RGS".
- The parts are scrapped on-site, and value of the scrapped parts is charged to the supplier's account.
- Sorting of the parts by DDC or DDC designated third party. In the event of sorting, the supplier will be charged for the costs incurred.
- Rework of the parts by DDC or DDC designated third party. In the event of rework, the supplier will be charged for the costs incurred, including hourly personnel support, administration time, and/or new tooling to perform the rework.
- Tooling costs incurred at DDC to replace damaged tooling that was a direct result of the nonconforming material.

- In the case of any quality problems, the supplier will be requested to complete a quality report as outlined in Section 4.3.4.1 "Inspection Report Reporting".

A line call administration fee and other costs arising from disruptions caused by or attributable to a supplier will be recovered if, after investigation of a part complaint, DDC determines that the supplier has supplied unsatisfactory quality or serious quality defects that are detected within the manufacturing processes at DDC. The severity consideration and assessed fee details are as follows:

- Low: Minor non-conformances that require minor attention or adjustments but may not impede or compromise product quality.
- Medium: Non-conformance or abnormalities that hinder and/or cause delays in our production process.
- High: Defective product that adversely affects the further fabrication, assembly and/or the performance of our end product as tested and/or as received by our customers, other repetitive issues, broken containment action, and/or issues where additional effort is required to address concerns.
- Sorting costs, when sorting material is required to support production or authorized by the supplier in leu of returning or scrapping material on hand.

Category	Fee
Low	\$500
Medium	\$1000
High	\$1500
Sorting	\$120/man hour

The same guidelines are applied to logistics line calls. Logistic line calls include, but are not limited to, the following: ASN noncompliance, incorrect packaging, incorrect packing slips, etcetera.

4.3.3 Return Goods Shipper (RGS)

If the DDC Tactical Supplier Quality Engineer has decided to return parts to the supplier or scrap the parts at DDC because of quality defects per Section 4.2.6, the TSQE will issue a Return Goods Shipper (RGS). The RGS serves as the supplier's debit memorandum. In the case of returned material, it, along with the Purchased Nonconformance Material Report (DMR), will accompany the return shipment. The Shipping Department will then contract a carrier for the return shipment of the parts.

After receiving the return shipment, it is the supplier's responsibility to forward these documents to the respective in-house departments for their information (Quality Assurance, Accounts Receivable, etc.) to preclude future problems.

4.3.4 Inspection Report (corrective action/8D) in eSEP++

When quality defects are identified during inspection, use, or testing, the supplier may be required to provide an inspection report. For each occurrence, the supplier will receive details via email to its designated Quality contact(s). The purpose of the inspection report is to provide DDC with an understanding of the issue, actions taken to address concerns, and measures implemented to prevent recurrence. 24-hour response comprised of disciplines D1 – D3 must be submitted upon notification. Documentation and communication should continue until the 8D is complete, and permanent corrective action is confirmed.

The following disciplines are considered when addressing the inspection report:

- D1 – Team
- D2 - Define and describe the problem
- D3 – Develop interim containment plan; implement and verify interim actions
 - Quality alert & initial containment results
- D4 – Determine, identify, and verify root causes and escape points
- D5 – Choose and verify permanent corrections (PCs) for problem/nonconformity
- D6 – Implement and validate corrective actions

- D7 – Take preventive measures
- D8 – Team Success
- Attachments

When an 8D is requested, the supplier has up to 30 days to submit the completed 8D, otherwise additional charges can be applied to the quality line call.

4.3.5 Deviation Approval (DA)

Should parts be manufactured that do not meet current engineering blueprint specifications, a Deviation Approval (DA) can be requested, the requester should contact the appropriate Supplier Quality Engineer (SQE).

The DA request is made through the SQE who completes the request in the DA tool, the following required information must be provided by the requesting supplier contact.

- "Requester", this is the name of the supplier contact.
- Requester's email address and phone number.
- Supplier's "company" name.
- DA description (summary description of the deviation being requested).
- Part number(s), description, and quantity of affected parts.
- DA "effectivity" must be identified. Indicate when the parts included in the DA will be shipped.
- "Problem Statement". Describe the issue resulting in the request to use nonconforming material.
- Describe the corrective action being taken to ensure future compliance to the blueprint.

Requests for permanent or drawing changes are no longer acceptable with use of a DA.

DAs will be considered valid when all internal approvals have been completed and the requestor notified of acceptance via an automated email from the DA tool.

DAs are considered valid for a maximum of 180 days, after which the DA is considered expired. Use of a specified number of pieces can be referenced but the prevailing limit is a maximum of 180 days. In special instances a DA extension may be requested and will require re-approval. A DA is to be used to accept a limited number of nonconforming materials not to exceed 180 days while corrective action is completed to resolve the nonconforming condition.

DDC will recover additional costs that arise from a DA caused by or attributable to the supplier, including without limitation, costs relating to additional administrative effort, adverse line impact to DDC and/or its customers, or risk to product quality and/or performance. If a deviated part is identified in the field, the supplier shall be held fully responsible for all costs arising from the associated claim(s)..

Upon completion or expiration of the DA, all parts must be compliant with all engineering specifications.

Nonconforming parts shipped, but approved via a DA, must have all shipping documents and related containers or packaging clearly identified with the DA number.

Exhibit 1 label is to be used to identify first / last parts shipment. This is to be a red label indicating first/last parts shipment and containing all part number, description and DA information contained in the label.

Exhibit 2 label to be used to identify DA part shipments that are on-going (in between the first and last). On-going shipment of parts are to be identified using a yellow (Exhibit 2) label.

Exhibit 1. First/Last part shipment RED label

Caution!		Permission for Deviation <i>Abweicherlaubnis</i>		Achtung!	
Supplier, Supplier Ident-No.: <i>Lieferant inkl. Lieferantennummer: Bei Daimler -intern: Abteilung:</i>			Part No.: <i>Teilenummer:</i>		
Part Name: <i>Benennung Teil:</i>			ZGS:	ZKM :	
Issue Date: <i>Ausstelldatum:</i>		Issued by: <i>Aussteller:</i>		PAA :	
Change Description: <i>Änderungsumfang:</i>					
DOCUMENT FIRST ENGINE NUMBER (FIRST DELIVERY / ERSTE LIEFERUNG)			DOCUMENT LAST ENGINE NUMBER (LAST DELIVERY / LETZTE LIEFERUNG)		
01.09.2010 Ersteller: TWS-Office Mannheim					

Exhibit 2. On-going part shipment YELLOW label

Caution!		Permission for Deviation <i>Abweicherlaubnis</i>		Achtung!	
Supplier, Supplier Ident-No.: <i>Lieferant inkl. Lieferantennummer: Bei Daimler -intern: Abteilung:</i>			Part No.: <i>Teilenummer:</i>		
Part Name: <i>Benennung Teil:</i>			ZGS:	ZKM :	
Issue Date: <i>Ausstelldatum:</i>		Issued by: <i>Aussteller:</i>		PAA :	
Change Description: <i>Änderungsumfang:</i>					
ONGOING DELIVERY LAUFENDE LIEFERUNG					

4.3.6 Customer Dissatisfaction Line Call

At its sole discretion, DDC may, at any time, implement a punitive category line call beyond the scope of any part defect. The driving factor for charge consideration stems from lack of clear communication, continuously missing aligned commitments, and lack of timely response.

Examples of when a Customer Dissatisfaction Line Call may be implemented, but are not limited to:

- Repeated missed deadlines
- Lack of response to requests for:
 - 8D
 - Containment
 - Project timelines
- Missing / wrong supplier contact(s) (Daimler Truck Supplier Portal, Supplier Data Base (SDB))
- Delayed agreed capacity increase

4.3.7 Q-HELP Trucks

Q-H:ELP Cooperation/Escalation Model

The model is used when suppliers experience serious, repeated, or long-standing quality, performance, and logistics problems.

The supplier's performance is continuously measured by means of Supplier Performance Improvement KPIs and the findings are made available. If KPIs show consistent poor performance, the model of the respective division takes effect, e.g. Q-H:ELP "Quality CHallenges: REcognition, SoLution and Prevention".

Depending on the respective classification, additional measures are stipulated by DDC to be successfully completed to exit the escalation process. The supplier is responsible for taking the lead in tracking, measuring, and reporting on the stipulated measures in the agreed upon timeframe. If DDC supports the supplier by means of the above measures, the supplier reimburses DDC for the costs that accrue and that are generated by said support. The supplier

may be asked to sign a Supplier Quality Agreement in conjunction with Q-HELP.



4.3.8 International Material Data System (IMDS)

DDC has an obligation to observe international environmental guidelines, laws and regulations. We promote a preventive and integrated approach to environmental protection. We evaluate in advance the environmental effects of production processes and products and consider them in our business decisions. To ensure compliance with the legal regulations, DDC must be able to disclose the content of materials included in our products to government authorities and certification companies.

DDC requires Material Data Sheets (MDS) in the "International Material Data System" (IMDS) for all new and modified parts that are subject to PPAP approval. Typical reasons for IMDS submission may include, but are not limited to, changes of material, changes in supplier's supply chain, drawing revisions or part number changes.

Please note the following instructions:

- The supplier must post the MDS in the IMDS at least 10 business days before the transmission of PPAP documentation.
- DDC recommends that the supplier does this directly after the design approval and contract assignment, if possible. This can facilitate early clarification of questions in connection with any required material substitutions.

- The identification number and supporting documentation (screenshot of approval page) for the MDS must be listed on the PPAP PSW sheet as well as in smart IBL. The supplier will be provided with this number by IMDS.
- If any material data sheets are rejected because of prohibited contents, the supplier must promptly contact the competent developer/supplier manager. As a rule, the delivery scopes of DDC must not contain any prohibited substances.

DDC will examine whether the MDS identification number and the version number in the sample content specification can be clearly allocated to a DDC component code number. In the event of missing or incorrect entries, the product series delivery will be rejected. You as a supplier must bear the arising costs.

Detailed information on the use of IMDS and Daimler Truck Plant ID for the IMDS is provided for you under: www.mdsystem.com. Instructions concerning the MDS review at DDC and the procedure to be followed in the event of a negative test decision are provided for you under "Help/OEM Information". Suppliers who do not have any previous experience with IMDS can get operating instructions under:

<https://public.mdsystem.com/web/imds-public-pages/new2imds>.

Lack of submission of MDS in IMDS will result in a Customer Dissatisfaction Line Call as outlined in Section 4.3.6.

4.4 Supplier Quality Data

DDC relies on data provided by its suppliers to sustainably improve quality. Specifically, DDC requires access to data created, collected, stored or used by the supplier or its sub-suppliers during production of DDC parts ("Production and Inventory Data"). Therefore, the supplier shall upon request provide DDC with general Production and Inventory Data, including but not limited to overall system effectiveness, first time through rate, finished part inventory, work in progress part inventory, scrap rate, rework rate and similar data. In addition, in the event of emerging or present risks to either quality or supply, the supplier shall, for a period of time determined by DDC and upon request, provide additional data Production and Inventory Data relevant to such risks, including but not limited to planned cycle time, actual cycle time, production environment of the supplier and other suppliers in the supply chain, and measured value of a characteristic(s).

DDC shall inform the supplier of the specific data categories requested, as well as frequency and method of transmission to DDC. DDC and its affiliates shall evaluate and use the Production

and Inventory Data for any purpose, in its sole discretion. The supplier shall ensure that no data is transmitted that includes any Personally Identifiable Information. Neither the provision of Product and Inventory Data, nor its contents shall release or limit the supplier's obligations under its agreements with DDC.

5. Materials Management

5.1 Electronic Data Interchange (EDI)

All DDC suppliers are required to establish an Electronic Data Interchange (EDI) connection and implement all EDI transactions as required by DDC. Suppliers will incur all costs associated with the implementation of EDI and all required transactions.

DDC utilizes EDI standards developed by the Automotive Industry Action Group (AIAG) and the American Standards Institute (ANSI) Subcommittee X12. All EDI transactions will be exchanged by way of T-Systems. DDC's current mandatory transaction sets are:

Production and Service

- 824 Application Advice
- 856 Advance Ship Notice (ASN)
- 862 Daily / Weekly / Monthly release
- 997 Functional Acknowledgements

Non-Production

- 850 Purchase Order
- 855 Purchase Order Acknowledgement

5.1.1 Traditional EDI

DDC will exchange EDI transactions via T-Systems (EDICS). All Trading Partners / suppliers will be required to connect to T-Systems for all EDI communication.

Please note the following:

Direct Connects (SFTP, OFTP or AS2 protocols) and VAN Connections

To get contact information, download required EDI guidelines or information on T-Systems

protocols go to the following link: <https://supplier.daimlertruck.com/en/procurement/ddc>

EDI addresses (Qualifier and ID) will be as follows:

DDC's (engine parts) EDI address: ZZ:DDC63001

The supplier EDI address for Detroit: ZZ: DDC (followed by the supplier's 8 or 9 digit "Supplier Code").

When the supplier has decided on their connection the supplier needs to fill out the "Set Up Profile Form".

This form should be emailed to the EDI Coordinator listed in the EDI guidelines on the supplier portal.

A. Direct Connects:

- T-Systems EDI Support will configure the EDI Switch (NGE) and email the suppliers EDI Contact the direct connect set-up profile documents and copies DDC.
- Once T-Systems EDI Support receives the set-up document they will coordinate with the supplier's physical connection and loopback testing.
- Upon receipt of "EDI set-up confirmation" DDC will complete its set-up and email ASN testing information to the supplier.

B. VAN Connections:

- Contact VAN and make the connections.
- Upon receipt of the "Setup Profile Form", T-Systems EDI Support configures the EDI Switch (NGE) and emails "EDI set-up confirmation" to supplier's EDI contact and copies DDC to the EDI Coordinator.
- Upon receipt of "EDI set-up confirmation", will complete set-up at DDC and email ASN testing information to the supplier.

5.1.2 EDI 862 Shipping Schedule Transmission and Requirements

The 862 Shipping Schedule is transmitted to suppliers via Electronic Data Interchange (EDI). Production schedules can be sent up to five days a week. Service schedules are sent once a week. The specified requirements correspond to the volume of the preceding shipping schedule and are adjusted to reflect any increases or decreases in requirements. The supplier should always use the latest shipping schedule for scheduling. Please note that the EDI 862 Shipping Schedule is a replacement schedule. Suppliers must completely replace the previous schedule once a new schedule is received. Suppliers are required to ship in accordance with the 862 Shipping Schedule. If a firm order or firm commitment is issued, suppliers must treat it as binding and prioritize fulfillment in accordance with the agreed terms.

5.1.2.1 EDI Service Bureau

DDC has certified the following EDI Service Bureau that offers a range of solutions to satisfy the EDI requirements:

J-Com EDI Services

Mike Benning

(+1) 520-352-3200 Phone

(+1) 520-352-3206 Fax

sales@j-com.com

5.1.3 GXS TradeWeb Service (web-based EDI)

DDC has endorsed GXS to provide TradeWeb service, a web-based EDI solution to satisfy DDC requirements. GXS TradeWeb was designed by GXS and Daimler Truck to make it easy for all suppliers to meet DDC EDI compliance requirements. GXS TradeWeb is an affordable EDI solution that makes it easy to trade electronically, requiring only a personal computer, a standard internet browser and a modem.

GXS TRADEWEB REGISTRATION INSTRUCTIONS

Note: Be aware that you may have more than one DDC supplier code. You must complete a separate TradeWeb registration for each of your supplier codes. We suggest you use your

supplier code as your “Log-in Name” which you will be asked to pick during the registration process.

1. Log onto the following website: <http://gxstradeweb.gxsolc.com>
2. Select “New User Sign-Up” Link
3. When prompted, enter a memorable User Login ID and Password since you will need this information to log into TradeWeb. See screen shot below.
4. Complete registration Steps, 1-8. In Step 5: the Access code is DetroitDiesel (case sensitive, Ds are in capital letters, and one word with no spaces.).
5. Important: After completing your GXS TradeWeb online registration, you will need to send an email to communitylink@opentext.com and request to setup this new Tradeweb account with your new supplier code for DDC.

Suppliers in the U.S. & Canada	Suppliers residing outside the U.S. & Canada
Call 1-800-474-2694 Press 1 for New Accounts Press 2 for Payment Issues Press 3 for Technical Support	Go to http://gxstradeweb.gxsolc.com , Click on Customer Support Then click on GXS support center to obtain the phone number to call your local support center.

Should the supplier have any questions regarding the three options above, the supplier may contact a DDC EDI representative.

You may speak to the GXS representatives to discuss your various options for becoming compliant as well as other services that may benefit your company, including transaction delivery services, data transformation software and integration solutions. Please be sure to reference the correct DDC program.

5.1.4 EDI 862 Shipping Schedule

Requirements for Plant 25, Plant 590, and Plant 595 blanket orders are reported by means of a dynamic EDI 862 Shipping Schedule. These reports are accessed via Electronic Data Interchange (EDI). See Section 5.1 for EDI connection information. Since the EDI 862 Shipping Schedule is

dynamic, every supplier is expected to view their schedules each time new schedules are transmitted. Please note that the EDI 862 Shipping Schedule is a replacement schedule. Suppliers must completely replace the previous schedule once a new schedule is received. Suppliers are assigned to a scheduler in DDC Supplier Management. The job of the scheduler is to ensure the efficient supply of parts to DDC while at the same time, as the supplier's contact person, handle any questions they may have regarding the 862 Shipping Schedule (quantities to be shipped/ship dates).

An overview list of the Supplier Management is in Section 5.1.11. Also, the scheduler's name is on the 862 Shipping Schedule. You can use this overview list to determine which scheduler is responsible for handling your matters.

Actions to be taken by the supplier after receiving the EDI 862 Shipping Schedule:

- Verify whether the ship dates and quantities to be shipped, as requested by DDC, can be met. The date represents ship date and not date of arrival. The carriers that should be used can be found in Section 9 "Transportation".
- Confirm to your scheduler via phone or email that the dates and quantities specified in the 862 Shipping Schedule are being met. Transmit an 856 Advanced Ship Notice when parts are shipped.
- Should you not be able to comply with the dates and quantities specified, immediately contact your scheduler to discuss alternatives.
- If you discover extreme variations in dates or requirements, contact your scheduler for information.

SHIPPING SCHEDULE INSTRUCTIONS

1. No part can be invoiced at a higher price than shown on the purchase order unless authorized by the buyer.
2. No quantities greater than specified will be accepted. Please consult your DDC scheduler regarding established minimum quantities.
3. Quantities in the first eight (8) weeks are for fabrication. All quantities shown after the first eight (8) weeks are for planning purposes only.
4. The latest shipping schedule received by the supplier supersedes all previous shipping schedules.

Ship all material to the unloading point designation indicated in the shipping schedule.

UnldPntTxt	Unload. pt
DAS_ATS_DOCK	A005
DAS_AXLE_DOCK	A006
DDC_DUNNAGE_DOCK	D001
DDC_ENGINE_SHIPPING_DOCK	E007
DDC_M14_HVB_DOCK	B001
DDC_AXLE DOCK 2_DOCK	A002
DDC_MDEG_DOCK	M001
DDC_AXLE DOCK 1_DOCK	A003
DDC_SOUTH_DOCK	E006
DDC_WEST_DOCK	E001
DDC_TRANSMISSION_DOCK	S001
DLC_AXLE_DOCK	A001
DLC_DUNNAGE_DOCK	D002
DLC_HDEP_DOCK	E002
DLC_MDEG_DOCK	E005
MATRIX_DOCK	E003
INDUSTRIAL_INSPECTION_DOCK	E004
MX_TRANSMISSION_WHSE_DOCK	S004
US TRANSMISSION WSHE DOCK	S006

5. In the event regular shipments have not been made as requested, all excessive transportation charges must be assumed by the supplier.
6. All rejected material will be returned for full credit. Replacement shall apply against the existing order as shown on the shipping schedule. Do not assume that items returned for credit are required by DDC. Adhere to the shipping schedule.
7. Upon receipt of each new shipping schedule, check Last Receipt Date, Last Receipt Quantity, and YTD Receipts with your figures and advise immediately of any discrepancies.
8. This shipping schedule is subject to the terms and conditions of the purchase order numbers shown on that shipping schedule.
9. Unless the supplier has advised DDC, via the vendor scheduler, within seven (7) days of a schedule change reflected on the shipping schedule, DDC will assume that the supplier has adjusted schedules and can perform accordingly. In the event the supplier cannot perform

according to the shipping schedule, the supplier will present a plan to fulfill the shipping schedule within seven (7) days. Plan must be reviewed and agreed to in writing by DDC. If the supplier has not informed DDC within seven (7) days and had a plan to fulfill approved by DDC, all damages incurred by DDC, including affiliates or customers, will be at the expense of the supplier.

10. Material is expected to be delivered within the scheduled period. If the date on the shipping schedule will not be met, advise your DDC scheduler immediately.

5.1.5 Supplier Delivery Schedule & Capacity Communication - Application SMB – BBM/BKM

The supplier must comply with EDI quantities and ship dates specified in the EDI. After the shipping plan and capacity communication referenced in this section and Section 5.1.4, suppliers are required to access the application SMB via the Daimler Truck Supplier Portal to provide ship plans and capacity updates.

Suppliers must also enter their capacity data in the SMB module BKM (Demand and Capacity Management) and regularly review and update it against system requirements. This includes:

- **Normal Capacity:** Output based on a standard shift model
- **Maximum Capacity:** Output based on an extended shift model
- **Current Delivery Capacity:** Adjusted for holidays, planned downtime, etc.

All changes to supplier capacity must be reflected in BKM proactively, promptly, and accurately. Suppliers are responsible for ensuring the production capacity of their own suppliers and must communicate material requirements to them in a timely manner.

The supplier shall certify its own employees in the use of the SMB modules at the Daimler Truck Supplier Academy. The certification applies to the individual users and must be available for all employees with responsibilities working in SMB. DDC reserves the right to request recertification if the use of the SMB modules does not comply with the required standards. Among other things, the supplier must ensure that the contact details of the internal contact person(s) and functions are entered into the SMB module and always kept up to date.

5.1.6 Annual Capacity Review - Application SMB – BKM

Suppliers must regularly evaluate their capacity, particularly upon receiving automated alerts through the BKM application. DDC may also issue program updates that affect capacity via mass communications or targeted notifications through the SMB BKM system.

At minimum, suppliers are required to conduct an annual review of the BKM forecast (STABS) and compare it against their stated available capacity in BKM. This review should confirm whether current capacity meets program requirements or can be adjusted accordingly. All findings must be documented within BKM.

If the BKM forecasted demand exceeds the supplier's available capacity, the supplier must notify the designated capacity manager (listed in BKM) within 30 days or by the deadline specified in the program notification. The supplier is expected to collaborate with the capacity manager to develop a plan and timeline to meet the forecasted demand.

Failure to respond to SMB/BKM notifications does not exempt the supplier from accountability for any resulting performance issues.

5.1.7 Force Majeure

"Force Majeure Event" means an event that is (a) an extraordinary and unforeseeable event beyond the control of the supplier, (b) could not have been prevented or avoided by the supplier through the exercise of due foresight, and (c) cannot be overcome despite the supplier's prompt and diligent efforts to mitigate, remedy, or avoid its effects. For the avoidance of doubt, changes in tariffs, duties, taxes, fees, or other governmental actions affecting the cost or movement of goods, as well as business downturns, market or economic conditions, labor shortages, commercial impracticability, or the supplier's financial difficulties, shall not constitute Force Majeure Events. If the supplier claims a Force Majeure Event, it shall provide DDC with written notice within ten (10) days of when the supplier knew or should have known of the event, describing the event in detail, its expected duration, its impact on performance, and the steps taken to mitigate its effects. The supplier shall promptly provide any additional information requested by DDC. The supplier shall use all necessary efforts, including without limitation, contingency plans, alternative sources, and expedited logistics, to mitigate the effects of any Force Majeure Event, and shall continue performance to the extent not prevented by the event.

5.1.8 EDI Fluctuations

EDI will fluctuate over the course of DDC's procurement of parts from the supplier and the supplier should refrain from assuming future and current EDI will align with past performance. EDI fluctuations of +/- 20% are industry standard and should be expected.

5.1.9 Overtime & Weekend Work

Production planning should be based on 15 to 17, 8-hour shift model assuming industry standard OEE.

If the supplier is unwilling or unable to work extended or additional shifts to compensate for output below industry standard, the supplier must install additional capacity at the supplier's expense.

5.1.10 Warehousing and Safety Stock

As outlined within the awarding process, international suppliers are required to have a local warehouse with four (4) weeks of inventory on hand. If the supplier fails to maintain four (4) weeks of inventory on hand, all damages incurred by DDC, its affiliates and customers, will be at the expense of the supplier.

5.1.11 Contacts

Supplier Management - jason.stephens@daimlertruck.com

Axles/Transmissions - alec.lanigan@daimlertruck.com

Base Engines - mandy.valley@daimlertruck.com

Accessories/Electronics/Fuel/Air/Exhaust/AftertreatmentSystems-brian.atkinson@daimlertruck.com

Network Planning - Engines joseph.spino@daimlertruck.com

Axle/Transmission - kyle.way@daimlertruck.com

Shipping - Days terry.dunham@daimlertruck.com Afternoons adam.caviness@daimlertruck.com
john.grills@daimlertruck.com

Production Distribution - justin.byrd@daimlertruck.com

Toluca Team - Alma Esquivel Padilla - Manager alma.esquivel@daimlertruck.com

Lucia Urdapilleta Guzman – Supervisor lucia.urdapilleta@daimlertruck.com

5.2 Packing Slips

5.2.1 Plants 10 and DETROIT

Included in this section is a sample packing slip for a given delivery of parts to DDC plants 10 and DETROIT.

- **Plant 10 Purchase Orders**
 - Production parts for our engine manufacturing/assembly plant in Detroit, Michigan.
- **Plant DETROIT Purchase Orders**
 - Production parts for our axle manufacturing/assembly plant in Detroit, Michigan.

To ensure that all shipments are correctly recorded by Receiving, make sure that the following information appears on every packing slip:

1. Supplier's name and address.
2. Indicate the numbers used by your accounts receivable department for identifying the shipments invoice number and/or packing slip number.

Ensure the English designations are placed in front of the numbers. Without these designations, DDC Receiving cannot identify the respective numbers and input them into the receiving system. If the English designations are not used, your company may experience delays in the payment of the invoice.

3. Shipping address (**Ship To**) at DDC, follow shipping instructions provided by DDC.
4. For DDC engine parts, the purchase order number (**P.O. No.**) must be clearly legible. For DETROIT AXLE, the schedule agreement number (**S.A. No.**) must be clearly legible. The prefixing or suffixing of additional numerals, such as zeros, to the number is prohibited. Example: P.O. 15911111 or for MRO P.O.s M13997R1 Example: S.A. 55111111
5. Name of the carrier (**Shipped Via**) and the **Bill of Lading** must be indicated.
6. Part numbers (**Part Number**) of the shipped parts must be indicated in an easy-to-read manner so that personnel in Receiving and QA are able to identify them without problem. Do not add any items (part numbers) to the packing slip that are not included in the shipment.
7. Name of the part (**Description**).
8. Quantity shipped (**Qty Shipped**) indicated in the packing slip must be clearly legible to preclude any ambiguity when the quantity is recorded by personnel in Receiving. If

additional quantities, e.g., a remaining quantity still to be shipped, are indicated, they must be clearly set apart to avoid confusion. The quantity shipped must appear in the same line as the related part number so that the relationship is easily noted.

9. Returnable packaging material (**Returnable Dunnage**) must be noted on the packing slip.
10. **ASN number** for the shipment or a reference to the number that is used as the **ASN Number** (For example using the Invoice Number and/or Packing Slip number as the ASN Number) must be located and identified on the packing slip. The ASN Number used for the EDI transmission must appear on the Packing Slip in the same format (Example: EDI = A123B456 ASN on Packing Slip: = A123B456) to increase receiving accuracy. (DDC ONLY)
11. If special instructions were specified in the purchase order, these must be indicated under the heading **Special Instructions** within the body of the packing slip. E.g.: Parts must go to Receiving Inspection for PPAP approval.
12. Packing slip must state the **Country of Origin**, e.g., "Made in Germany."

The packing slip, enclosed in a protective, transparent plastic envelope, must be securely affixed to the outside of the container. A second copy of the packing slip should be placed inside the respective container, in case the packing slip affixed to the outside of the container is lost during transportation.

Sample: "Packing Slip – DDC Plant 10"

1

Jeff Johnson

2

Packing Slip No.: 98765432

Invoice No.: 45582/99

Sample Company

Detroit, MI 48027

(330) 555-5678 *FAX (330) 555-2856

3 Ship To: Detroit Diesel Corporation

West Receiving Dock (6)

13400 W. Outer Drive

Detroit, MI 48239

5

Invoice Date	Ship Date	P.O. No. 4	Shipped Via 5	Bill of Lading	FOB Terms	Terms
02-09-96	02-09-96	1591111	Sample Shipping Company	2390193	FCA	25 th prx.

6 Part Number	7 Description	8 Qty Shipped
1234568	Part Description	X
2350111		
0892114		
	9 Returnable Dunnage	

10

ASN Number: See Packing Slip Number OR ASN Number: 98765432

11

SPECIAL INSTRUCTIONS: Must go to Inspection for PPAP-Approval

12

COUNTRY OF ORIGIN: Germany

Sample: "Packing Slip – DETROIT AXLE"

Jeff Johnson

② Packing Slip No.: 98765432

①

Invoice No.: 45582/99

Sample Company
Detroit, MI 48027

(330) 555-5678 *FAX (330) 555-2856

③

Ship To: DETROIT AXLE Corporation DETROIT AXLE Division
West Receiving Dock (3)
13400 W. Outer Drive
Detroit, MI 48239

Invoice Date	Ship Date	S.A. No. ④	Shipped Via ⑤	Bill of Lading	FOB Terms	Terms
02-09-96	02-09-96	5511111	Holland Motor	2390193	FCA	25 th prx.

⑥ Part Number	⑦ Description	⑧ Qty Shipped
05248719	Gasket, Head	175
05198523	Gasket, 1/8"	200
2350111	Gasket, 1/8" PTF x 3/32"	600
0892114	Gasket, XXXXL	20
	⑨ Returnable Dunnage	
LDW	Large Wire Baskets	15
OD1	Diesel Skids	5

⑪ SPECIAL INSTRUCTIONS: Must go to Inspection for PPAP-Approval

⑫ COUNTRY OF ORIGIN: Germany

5.2.2 Plant 15

Included in this section is a packing slip example for a delivery of parts to DDC Plant 15 (The same format is required for DETROIT AXLE Orders):

- **Plant 15 Purchase Orders**
 - Experimental Parts
 - Tooling
 - Services

To ensure that all shipments are correctly recorded by DDC Receiving, make sure that the following information appears on every packing slip:

1. Supplier's name and address.
2. Numbers used by your accounts receivable department for identifying the shipments:
Packing Slip Number and / or Invoice Number

Please make sure that, as mentioned before, the English designations are placed in front of the numbers. Without these designations, Receiving cannot identify the respective numbers and input them into the Receiving system. If the English designations are not used, your company *may experience delays in the payment of the invoice*.

3. Shipping address (**Ship To**) at DDC, including the name of the person who may need to be notified of the delivery.
4. Purchase order number (**P.O. No.**) must be clearly legible. The prefixing or suffixing of additional numerals, such as zeros, to the number is prohibited.
5. ASN number must also be present on the packing slip.
6. Name of the carrier (**Shipped Via**) and the **Bill of Lading** must be indicated.
7. Line number (**Line No.**) on the purchase order.
8. Requisition number (**REQ #**), in conformity with the purchase order.
9. Part numbers (**Part Number**) of the shipped parts must be indicated in an easy-to-read manner so that our personnel in Receiving and QA are able to identify them without problem. Do not add any items (part numbers) to the packing slip that are not included in the shipment.
10. Name of the part (**Description**).

11. Quantity shipped (**Qty Shipped**) indicated in the packing slip must be clearly legible to preclude any ambiguity when the quantity is recorded by personnel in Receiving. If additional quantities, e.g., a remaining quantity still to be shipped, are indicated, they must be clearly set apart to preclude confusion. The quantity shipped must appear in the same line as the related part number so that the relationship is easily noted.
12. If special instructions were specified in the purchase order, these must be indicated under the heading **Special Instructions** within the body of the packing slip.
13. Packing slip must state the **Country of Origin**, e.g., "Made in Germany."
14. Schedule Agreement number (S.A. No.) must be clearly legible. The prefixing or suffixing of additional numerals, such as zeros, to the number is prohibited. Example S.A.55111111

The packing slip, enclosed in a protective, transparent plastic envelope, must be securely affixed to the outside of the container. A second copy of the packing slip should be placed inside the respective container. The reserve copy is provided in case the packing slip affixed to the outside of the container is lost during shipping.

Sample: "Packing Slip – Plant 15"

②

Jeff Johnson

Packing Slip No.: 12345673

Invoice No.: 34544/99

Sample Company ①

Detroit, MI 48027

(330) 555-5678 *FAX (330) 555-2856

③

Ship To: Detroit Diesel Corporation

West Receiving Dock (6)

13400 W. Outer Drive

Detroit, MI 48239

Invoice Date	Ship Date	P.O. No. ④	Shipped Via ⑤	Bill of Lading	FOB Terms	Terms
02-09-96	02-09-96		Sample Shipping Company	2390193	FCA	25 th prx.

⑥ Line #	⑦ REQ #	⑧ Part Number	⑨ Description	⑩ Qty Shipped
1	654321	12345678	Part Description	X
....				

⑪ **SPECIAL INSTRUCTIONS:** Please route the parts to Steve Miller, Series 2000 Engineering

⑫ **COUNTRY OF ORIGIN:** Germany

5.3 Detroit Diesel Redford Consolidation Center - CC ex-USMCA

As part of Daimler Trucks' global supply chain, DDC's Redford facility has set up a Consolidation Center (CC ex-USMCA) to reship parts produced by USMCA suppliers. These parts are shipped to various Daimler Truck AG facilities around the world as well as other non-Daimler Truck AG Customers.

EDI Requirements

In accordance with DDC's purchase contract terms and conditions, it is a business requirement for suppliers to utilize EDI. The CC ex-USMCA requires all suppliers to comply with the following EDI transaction sets.

EDI 862 Shipping Schedule

EDI 856 Advance Ship Notice (ASN)

EDI 997 Functional Acknowledgement

Ship to location for Redford Consolidation Center

This ship-to location will be referenced within the EDI shipping schedules and the transportation routing guidelines.

Please note, many of the parts your company currently ships to DDC's production facility will also be shipped to CC ex-USMCA. It is important that your company does NOT pack DDC production and CC ex-USMCA parts on the same shipping skid. Please see "Packaging and Packaging Criteria" below.

Shipping Documentation

As noted above, DDC production, and CC ex-USMCA parts need to be packed separately. To avoid confusion and to ensure prompt receipts / payments, etc., it is also extremely important that all DDC production and CC ex-USMCA shipments have separate bills of lading, packing slips and invoices that clearly identify the appropriate receiving dock / address. Please review CC ex-USMCA transportation routing guidelines for correct ship-to addresses.

Packaging and Packaging Criteria

All parts require a Packaging Data Sheet that meets CC ex-USMCA requirements and must be appropriate for expendable, overseas shipments. This packaging will be different from your DDC production parts packaging and MUST be suitable for ocean shipments and have corrosion preventative attributes as agreed to with your DDC packaging engineer. To maintain

standardized packaging for CC ex-USMCA shipments DDC will require suppliers to ship in DDC designed modular KLT or GLT packaging. Please prepare your Packaging Data Sheet including any required internal dunnage and submit it to DDC_Packaging@daimlertruck.com. Refer to the packaging sections below for assistance. These sections provide guidance on acceptable packaging sizes and requirements. Packaging must be approved by DDC prior to implementation with CC ex-USMCA. The supplier's approved Packaging Data Sheet (found in Section 6. Packaging & Preservation – Production Parts Redford/Detroit Manufacturing & CC ex-USMCA) must be included in your packaging quote to your buyer for inclusion in your contract.

Labels for individual boxes and master packs must be placed in designated areas. Additional information on DDC labeling requirements can also be found in the packaging section of this document.

As an additional ongoing requirement when shipping your product to the CC ex-USMCA, attach an 8 ½ x 11 copy of the CC ex-USMCA Delivery Sign to two (2) sides of each shipping skid of material (see separate CC ex-USMCA Delivery Sign template). This delivery sign will help to keep CC ex-USMCA and DDC Production skids of parts separated. Below are the general guidelines to be followed when shipping parts to CC ex-USMCA:

5.3.1 General Guidelines for Shipping Parts to CC ex-USMCA

In addition to requirements found in other sections of this document, guidelines specific to parts shipping via CC ex-USMCA are:

1. Suppliers will monitor governmental and automotive industry regulations for changes related to packaging & shipping information.
2. Special reinforced packaging may be necessary. Airfreight shipments, LTL (less than truckload), and other special shipments to final customers destinations are subject to abnormal handling and require more substantial packaging. The supplier must understand the final shipping destination mode from CC ex-USMCA to the end customer and design packaging suitable for shipments through the entire supply chain.
3. Packaging materials shall protect part quality for a minimum of 180 days. Packaging materials shall protect the quality of parts for both physical damage and corrosion from shipping environments such as air or sea.
4. Suppliers must comply with international phytosanitary guidelines regarding non-manufactured wood products [NMWP]. These requirements provide guidance on the treatment and marking of coniferous and non-coniferous wooden packaging products. For information

regarding the international guidelines, go to the International Phytosanitary Portal [IPP] at <https://www.ippc.int/en/core-activities/standards-and-implementation/> .

5. Container designs must provide for dynamic (in transit) loading of three times the static (in storage) load. Suitable non-stapled corner supports and top stacking frames may be necessary to meet this requirement.

6. Expendable packaging must be secured to pallets by either non-metallic strapping (at least two bands lengthwise and two bands widthwise) or by stretch wrap. Stretch wrap must be attached to the pallet and overlap the pallet to prevent loads from shifting in-transit. Stretch wrap must be transparent to allow visibility of labels. Nailing, stapling, or gluing are not acceptable methods of securing load to a pallet.



Fiberboard

7. Corner boards: As required to protect the pack. Corner boards protect packages from damage and crushing during stretch wrapping, strapping, shipment and storage and provide extra stability during shipping and stacking. For additional stacking strength, wood may be used in the corners as a support but must not be stapled to the corrugated material. Other methods of holding the wood in place must be used, allowing ease of wood removal.



8. Metal staples are not acceptable for use as a carton closure. Carton tape is the preferred method for securing boxes; other methods could be approved by DDC Packaging if requested.

6. Packaging & Preservation – Production Parts Redford/Detroit

Manufacturing & CC ex-USMCA

6.1 Introduction

Section 6 provides requirements for production parts shipped and used at DDC production facilities to include Redford Engine, Axle, eAxle, HV Battery, Transmission, Turbo and Machining operations and Saltillo Axle and Engine operations. All CC ex-USMCA shipments shall follow guidelines in Sections 5 and 6 regarding packaging requirements and defer any issues to your packaging engineer. All service parts packaging requirements shall follow guidelines in Section 4 and defer to Canton PDC Packaging Engineering.

The following packaging and identification requirements are part of the terms and conditions of the supplier's purchase order contract with DDC.

The purpose of this section is to achieve a quality packaging system through a cooperative effort between the supplier base and DDC that will:

- Contain and protect the production parts
- Increase productivity
- Improve competitiveness
- Reduce packaging cost
- Improve safety
- Reduce waste

This section was prepared by the packaging/material handling team in cooperation with manufacturing and assembly operations to provide workable solutions for both DDC operations and for those of DDC suppliers. DDC emphasizes the development of complete and efficient packaging systems through communication, planning, and implementation. Each supplier must adequately plan for packaging in advance. We encourage suppliers to work with the packaging/material handling group for packaging improvements. Normal changes in plant facilities, part designs, and packaging materials require constant attention to ensure the consumption process needs are met as economically as possible. The supplier must submit new forms detailing changes and communicate packaging changes in advance for proper preparation.

Questions related to packaging and labeling should be directed to DDC_Packaging@daimlertruck.com

This document is intended to provide general requirements for packaging DDC production parts and parts packaging for shipments via CC ex-USMCA. Ensure there is alignment with your DDC packaging representative on packaging solutions. Each part and each supplier may require different applications (returnable vs. expendable, domestic vs. export) and each supplier must work directly with Supplier Management and Packaging to ensure a proper plan is created prior to product launch. All packaging plans must be approved by Supplier Management and Packaging Engineering prior to implementation.

6.2 General Requirements

The following guidelines are requirements to be used by suppliers in developing packaging for production parts:

- No more than one part number per container
- One standard pack quantity will be established for each part number. This pack quantity must be used for every shipment regardless of whether the part is shipping in returnable or expendable packaging.
- No individual or aftermarket packaging is permitted for production parts
- No individual bagging of parts (unless approved by DDC Packaging Team)
- Each part must have an expendable pack designated and approved prior to production (see *Packaging Data Sheet*). This includes any part number that will predominately be shipped in returnable containers.
 - All expendable packaging, even if only to be used as backup, must be made of cardboard but if a wood crate is required, nails and staples must be avoided.
 - All expendable back up packaging must be same size as the primary used returnable container for said part. Part pack quantity must be same as primary returnable container for said part.
- Manually handled containers must not exceed 30 lbs..
- Containers must be palletized to permit handling with fork-trucks and pallet-jacks.
- All pallet loads should be properly secured with stretch wrap, banding or other means (no boxes shall be stapled or nailed to pallets).

- It is the supplier's responsibility to efficiently and economically pack the material for the method of transportation and type of handling planned for the final destination and its intended point of use.
- Unit loads must be properly loaded, blocked, and braced for shipment.
- Void space must be filled to prevent load shifting in transit.
- Mixed pallet loads are acceptable if parts are delivered to the same receiving dock & warehouse location. All mixed load pallets must be approved by Packaging Engineering and be clearly marked on all four sides with 8" x 11" signage in large print, "Mixed Load".
- Bags, drums, barrels, cans or pails are only acceptable packaging for liquid or granular materials.
- Suppliers are responsible for designing their own expendable packaging, including expendable dunnage used inside a returnable container.
- Suppliers will ship and label in compliance with the requirements of common carriers, and state, federal and local laws.
- Suppliers must provide a primary packaging and escalation contact in the PDS to ensure any packaging issues are addressed and resolved promptly.
- **Suppliers must provide packaging information in their ASN**, along with part information. See Section 5.1 'Electronic Data Interchange' for specifications.
- Violation of packaging rules can and will result in a Packaging Line Call, which can result in a fine.
- Suppliers using returnable containers will be required to provide a monthly update of container inventory (including finished, empty, and damaged container). It also needs to include container ID and quantity in part ASN. Please use email below.
 - DDC_Packaging@daimlertruck.com

6.2.1 Hazardous Material

The packaging of hazardous materials shall follow relevant US and Canadian transportation regulation, which prescribe the proper method of classification, packaging, marking and labeling

of each shipment. Furthermore, where other federal, state, or local standards and/or regulations are in effect the packaging and labeling shall comply.

6.2.2 Safety

Packaging must be free from all handling hazards, including but not limited to, protruding nails and staples.

Expendable bulk boxes:

- Must be clearly marked as to safe stacking height for both in-transit and warehousing.
 - Minimum warehouse stacking 3 high
 - See example below
- Must be clearly marked as to the maximum weight capacity.



6.2.3 Import / Export

Certain restrictions and regulations apply to packaging material that is shipped between countries. It is the supplier's responsibility to ensure all shipments meet the importing country's import regulations.

Please reference CC ex-USMCA Export Packaging guidelines Sections 5.2 and 6.

6.2.4 Packaging Approval Process

All production part packaging must be approved prior to delivery to the factory. All production part packaging shall require submittal of:

- Packaging Data Sheet
- Sample pack shipped

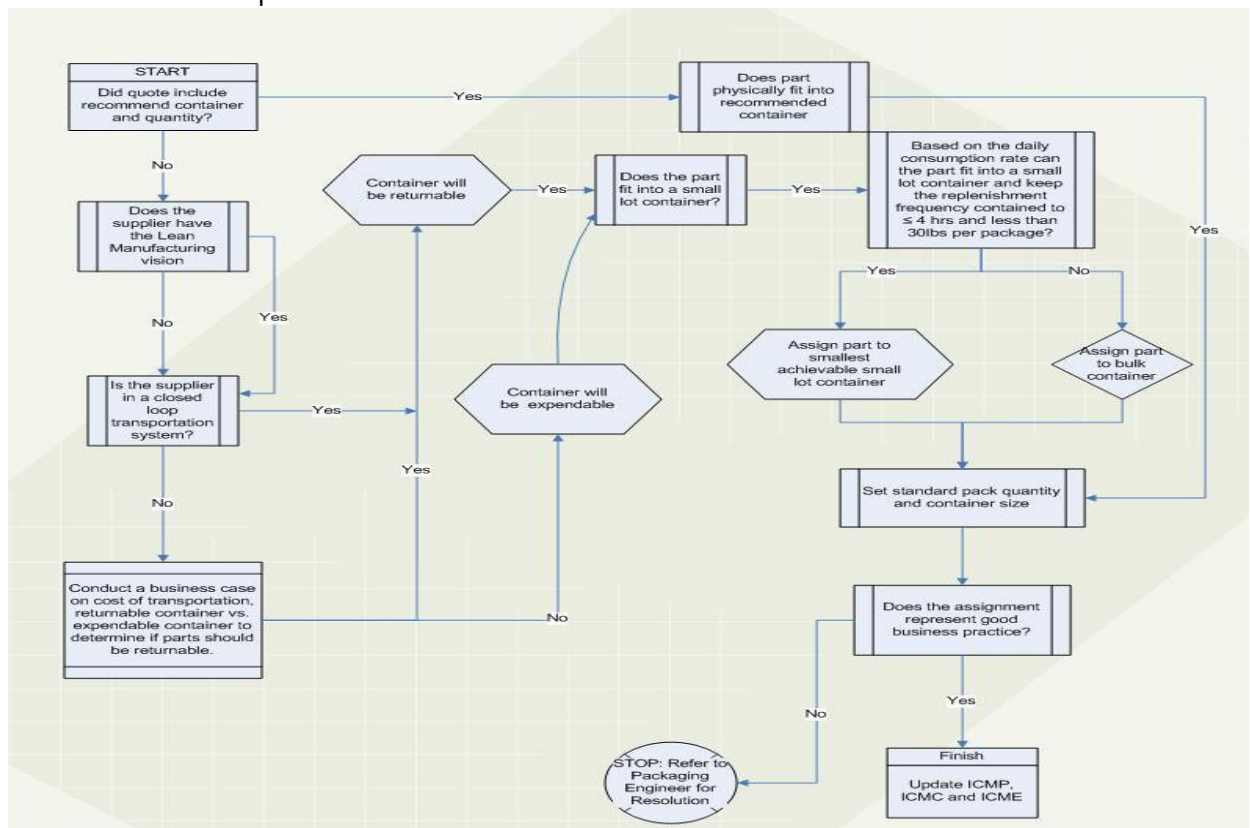
Additionally, the following may be required prior to implementation:

- Photographs and drawings of proposed packaging – pallet load, primary pack and internal dunnage.
- Package testing
- Any part utilizing returnable containers must also have an approved backup/alternative packaging plan in place to avoid any interruptions in supply. The details of this plan must be documented via the Packaging Data Sheet and submitted to the appropriate packaging engineer for final approval.

The *Packaging Data Sheet* may also be used to submit proposed packaging changes to the appropriate packaging engineer.

6.3 Choosing the Right Container

Container selection will be adapted /defined in cooperation with DDC's packaging engineering department based on specific criteria outlined in Sections 6.4 and 6.5.



6.4 Expendable Packaging

An expendable shipping system is comprised of container components having a life expectancy of only one trip from the supplier to customer. Generally, selection of a corrugated container will depend upon the specific part or material, the method of transportation and the method of handling required by the supplier and the receiver. However, certain basic factors deserve consideration. Packages which are to be manually handled are subject to rougher handling than those handled mechanically and consequently require more protection. Package size, strength and type must be selected to fit the method of transportation and the applicable carrier regulations, extent of protection from the elements, number of transfer points, distance of travel, and the roughness of route.

Other factors of equal importance that must receive due consideration are the packaging costs. In finalizing the design, the following factors must be considered:

- Handling labor
- Handling equipment
- Transportation cost (cube utilization)
- Floor space
- Direct labor
- Recyclability

The specific method used should be chosen to best fulfill the prerequisites of good packaging practice for any given commodity. Each supplier is responsible for packaging performance. Test ship if necessary.

Bulk expendable containers must utilize a triple wall corrugated design as well as corner posts for rigidity.

Optimum area and cube utilization begins with the primary package's design. Every packaging design activity is part of a larger packaging system, and the primary package's design and dimensions are a critical component of a cost-effective distribution system. To obtain optimum freight rates, all expendable containers must be loaded to cubic capacity to maintain load density and package integrity. However, containers should not be stacked; unless they are the same type of container (i.e. EXP0583232 and EXP0483424 should not be stacked on top of each other).

6.4.1 Proper Palletization and Trailer Loading

Each shipping unit must be properly palletized in level layers to allow for stacking and proper utilization of transportation.

It is mandatory when a supplier ships in material warranting palletization that the parts or materials are loaded on a pallet or packaged as a unit load. Optimum pallet height is 45" and load shall not exceed that.

All containers must have a manufacturer's certificate with bursting, puncture, or ECT edge crushed test visible on the assembled container.

All pallet loads should be properly secured with stretch wrap, banding or other means (no boxes shall be stapled to pallets).

- It is the supplier's responsibility to efficiently and economically pack the material for the method of transportation and type of handling planned for the final destination and its intended point of use.
- Unit loads must be properly loaded, blocked, and braced for shipment.
- Void space must be filled to prevent load shifting in transit.
- The supplier is responsible for properly securing the load in the trailer prior to shipment.

Sample: "Certificate of Box Maker"

Box maker's certificates using burst test and ECT values. Canadian certificates would also contain a RAC code identifying the construction.

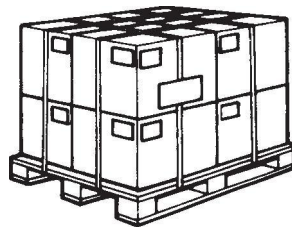


6.4.2 Small Lot Containerization

It is mandatory that carton size and construction be modular to the shipping pallet. Any deviations from this method will result in a line call and/or return shipment.

Cartons must not overhang the pallet or weigh more than a maximum weight of 30lbs (13,63kg). Corrugated material used in shipping containers must have adequate strength to withstand the test of usage; the parts and container must arrive in satisfactory condition until presented at point of use. A minimum of 44 lbs./in edge crush (ECT) or 275 lbs./in² burst test is required unless approved by DDC.

Each Carton on a load must be individually labeled with identical labels on two adjacent sides. A "Master Label" must be used when multiple packs of the same part numbers are shipped. Mixing part numbers on a pallet unit load is discouraged. However, when unavoidable due to handling/shipping expense, unit loads must have the proper "Mixed Load" label.



Properly Palletized

DDC has the option, if necessary, of approving or rejecting a supplier's selection of packaging materials and sources.

Small lot containers must utilize double wall corrugated construction.

6.4.3 Corrugated Pallet Boxes

Corrugated pallet boxes must be sufficient strength to withstand triple stacking to a height of 110" (2794mm) under full load during transit. If attached to a wooden pallet, they must also be a breakaway design to allow easy disassembly.

- Bulk expendable boxes must be triple wall corrugated + utilize corner posts.
- Small lot expendable boxes must be double wall corrugated.

6.4.4 Internal Dunnage for Expendable Systems

Expendable internal dunnage is discouraged whenever possible and **used only** when part-to-part contact must be eliminated to prevent damage in transit. Suppliers are responsible for the design, performance, and procurement of all expendable dunnage. The dunnage should be designed to minimal levels, which includes minimal set up, maximizing density, loading and unloading labor. The dunnage should also be designed to allow for recycling and/or disposal, which achieves protection and preservation of the part. The following materials are discouraged from use at DDC unless explicitly authorized:

- Foam
- Rubber
- EPS (Styrofoam)
- Any mixed material will not be accepted.

6.4.5 Wooden Pallets

- Wooden pallets shipped into DDC must be four-way pallets.
- Pallets must be able to support a 3000 lbs. capacity while triple stacked.
- Pallets cannot be smaller in length and width than the load height.

6.4.5.1 Deck Boards

All deck boards must be either 32" or 48" in length, no less than 5/8" thick, and attached by a minimum of two double screw nails on each side to the runners parallel to the 3.5" entry openings.

6.4.5.2 Cross Ties

Pallets and pallet bins must be constructed with cross ties on the runners identical to the deck boards.

6.4.5.3 Footprints & Entry

Five standard footprints are allowed:

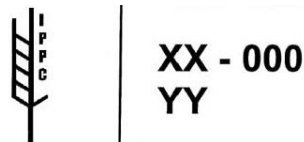
Entry	Width x Length
4	30" X 32"
4	40" X 48"
4	45" X 48"
4	23" X 45"
4	45" X 45"

Usage of anything outside of the allowable footprints requires DDC authorization (i.e. export pallet sizes in the next section).

6.4.6 Regulations on Wood Packaging

Many countries have implemented strict guidelines for wood when it passes across their borders. This is to prevent harmful insects which live in wood from spreading through wooden packaging. It is the supplier's responsibility to ensure all shipments meet the importing country's import regulations.

When using packaging outside the EU borders DDC standard wooden packaging must conform to the ISPM-15 (International Standard for Phytosanitary Measures Number 15 requirements. This means that packaging must undergo heat treatment (HT) and kiln drying and must be stamped with IPPC symbol.



6.4.6.1 Modular Packaging for Export via CC ex-USMCA

Certain components that are consolidated at CC ex-USMCA for export to other countries or consolidated for export in foreign countries for export to DDC; require the use of modular

packaging. Modular packaging is designed to closely mimic small returnable containers in size and density and is designed to stack and interlock. For CC ex-USMCA, DDC has sourced and established pricing for modular boxes with Pro-Pak Industries. Contact Pro-Pak Industries:

[Pro Pak Industries \(419\) 729-0751](#)

For CC ex-USMCA parts, the supplier must submit a modular packaging plan for approval to DDC_Packaging@daimlertruck.com, for review/approval before shipping. Shipments originating from Europe may utilize Daimler Truck returnable containers in lieu of expendable. Daimler Truck AG consolidation center packaging will align with European vendors on appropriate packaging plans. Below is matrix of the commonly used modular boxes.

CC ex-USMCA Packaging Options:

Box Number	Photo	Length	Width	Height	Inner Length	Inner Width	Inner Height	Layers	KLT's Per Layer	KLT / Pallet	Length Pallet	Width Pallet	Height Pallet
B4 059 20 005		14.61	11.06	6.50	12.95	9.41	6.18	6.00	12.00	72.00	44.88	44.88	44.88
B4 059 20 006		22.13	14.61	6.50	20.47	12.95	6.18	6.00	6.00	36.00	44.88	44.88	44.88
B4 059 20 007		22.13	14.61	12.99	20.47	12.95	12.68	3.00	6.00	18.00	44.88	44.88	44.88
B4 059 20 020		11.10	7.28	6.50	9.41	6.02	6.18	6.00	24.00	144.00	44.88	44.88	44.88
B4 059 20 021		14.61	11.06	12.99	12.95	9.41	12.68	3.00	12.00	36.00	44.88	44.88	44.88
B4 531 20 126		45.00	23.00	22.00	42.00	20.00	15.00						
B4 531 20 128		45.00	45.00	22.00	42.00	42.00	15.00						
B4 531 20 130		45.00	45.00	30.00	42.00	42.00	23.00						
B4 531 20 132		45.00	45.00	37.00	42.00	42.00	31.00						

6.5 Returnable Packaging

Returnable containers are intended to be used repeatedly and frequently. Their success as cost effective packaging depends on how well they are cared for, controlled, and returned to be reused.

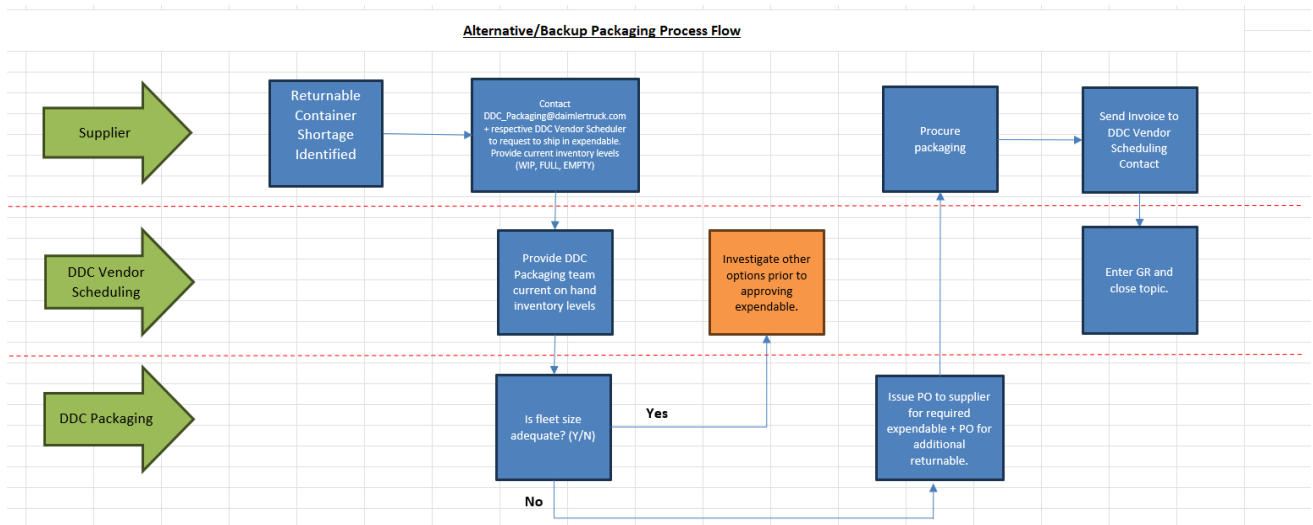
A variety of factors deserve consideration in the decision to use returnables. Factors such as:

- | | |
|---|-------------------------------|
| ▪ Initial cost | ▪ Handling costs |
| ▪ Facility/equipment constraints | ▪ Cleaning |
| ▪ Repair costs | ▪ Environmental concerns |
| ▪ Transportation costs | ▪ Product protection |
| ▪ Standardization | ▪ Tracking costs |
| ▪ Return ratio | ▪ Administrative costs |
| ▪ Geographic relationships (location of supplier) | ▪ Visual inventory management |
| ▪ Volume | ▪ Ergonomic issues |

Due to these factors, returnable containers are not always the most cost-effective choice for packaging.

DDC owned returnable containers are provided for exclusive use for DDC parts in transit, in DDC facility, and Just-In-Time (JIT) production needs. **Only goods ready for delivery may be packed in DDC returnable containers, they are not to be used for storage or work in process.** Loop calculations are based on the above-mentioned and any obstructions will present a container shortage that will not be accommodated.

All suppliers utilizing returnable containers must also provide DDC with a proposed expendable packaging plan via *Packaging Data Sheet*. This expendable package will be the only non-returnable package utilized for said part in the event of container shortages. Each shortage situation requires approval, and any container, rack, and dunnage shortages must be brought to the attention of your DDC supplier management representative and DDC packaging representative prior to shipping in the alternate packaging. Failure to follow this process will result in unpaid expenses consequential of the shortage (including failure on the supplier's part to request containers from the dunnage yard in a timely manner).



All small lot returnable containers (those handled manually) must not exceed 30 lbs. including parts and container.

6.5.1 Container Identification

Returnable containers, racks, trays, totes, etc. must have clear identification of their container number in 1-1/2" letters embossed into the container, painted onto the container, or affixed to the container with permanent labeling. In addition, supplier owned returnables must have the supplier's name clearly marked on the container as "*Property of Supplier.*"

Suppliers must ensure that all materials shipped to DDC are correctly labeled and that the labels are properly attached or inserted into the holder/placards on the racks or containers.

6.5.2 Container Management

Suppliers utilizing DDC owned containers must abide by the Returnable Container Packaging Agreement which defines supplier and DDC responsibilities utilizing returnable containers. Suppliers must provide packaging information in their ASN, along with part information. See Section 5.1.2 for EDI specifications. Upon arrival of empty returnable container shipments, the supplier must confirm receipt through the Electronic Container Management System.

Supplier is responsible for removing all old tags and labels from containers prior to refilling with parts for return to DDC. If this is not followed, a line call will be issued.

6.5.2.1 Ordering Containers

Containers are managed via an Electronic Container Management System handled by DDC Operations and will be shipped out based on DDC part demand scheduling. Any additional requests for containers can be requested through your Supplier Management representative.

Prior to exhaustion (including transit time) at your facility please provide the following information:

- Company information and contact
- Container code
- Current inventory
- Quantity scheduled by the end of the week
- Quantity needed by the end of the week/month

Upon arrival of the empty returnable container shipments, the supplier must confirm receipt through the Electronic Container Management System.

Please allow sufficient lead times for delivery.

6.5.2.2 Container Maintenance

Maintenance cost procedures for returnable systems will be handled on an individual supplier/customer basis. DDC will be responsible for the maintenance and replacement costs of DDC owned containers and purchases of new containers for volume increases.

The supplier is responsible for maintaining cleanliness of the containers used. This includes ensuring the containers are free of debris that would impact the quality of the material being packaged, prior to loading with DDC parts. **The removal of old labels prior to shipping is mandatory and remains the responsibility of the supplier.** Failure to comply with cleanliness standards can result in a Packaging Line Call with fines.

It is the supplier's responsibility to inspect all racks and containers prior to loading, to ensure that damaged equipment which could cause damage to parts or injury to handlers/operators is

segregated and removed from the system for subsequent repair or scrap disposition by DDC. As damaged equipment is segregated, it should be collapsed, folded down (where applicable) and clearly marked "Damaged Container Do Not Re-Use" on all four (4) sides. Suppliers should contact their vendor scheduler or DDC_Packaging@daimlertruck.com for shipping instructions or disposition approval. The DDC representative will advise what transportation arrangements to make.

6.5.3 Standard Containers

DDC requires the use of standard containers and standard footprints whenever possible. The acceptable standard footprints for DDC are 32" x 30", 40" x 48" and 48" x 45". Use of any other pallet load or container footprint size is by exception and must receive authorization by DDC PKG/MHG prior to implementation.

Below is a list of standard small totes, pallets/lids, and bulk bin containers:

SMALL TOTES

Container ID	Description	Dimensions	Color
SC140807	AIAG Fastener Tote	14" x 08" x 07"	Black
SC120705	HDPE injection molded stack only container with reinforced bottom	12" x 07" x 05"	Gray
SC151205	Same as above	15" x 12" x 5"	Gray
SC151208	Same as above	15" x 12" x 8"	Gray
SC151210	Same as above	15" x 12" x 10"	Gray
SC241505	Same as above	24" x 15" x 5"	Gray
SC241508	Same as above	24" x 15" x 8"	Gray

LARGE BULK BINS

Container ID	Description	Dimensions	Color
KD323034	HDPE (UV Stabilized) injection molded structural foam collapsible container with two access doors.	32" x 30" x 34"	Blue
KD484534	Same as above	48" x 45" x 34"	Black

PALLETS / LIDS

Container ID	Description	Dimensions	Color
SP14	HDPE injection molded structural foam pallet (use SP11 lid)	48" x 45" x 6-1/2"	Black
OD3	Same as above	32" x 30" x 6-1/2"	Black
OD8	HDPE injection molded structural foam pallet w/seat belts. Use with OD9 lid.	48" x 45" x 6-1/2"	Black

DDC Packaging utilizes the above containers whenever functionally and financially feasible for a supplier or part. Other containers may be chosen for better fit, part protection, cost effectiveness or other reasons.

Suppliers who own their own containers may implement those containers with prior approval from DDC.

Detroit Diesel Returnable Packaging Specifications



SC 120705

Outside Dimensions:	Length	12"
	Width	07"
	Height	05"
Tare Weight:	1.1lbs	



SC 140807

Outside Dimensions:	Length	14"
	Width	08"
	Height	07"
Tare Weight:	2.0lbs	



SC 15 1205

Outside Dimensions:	Length	15"
	Width	12"
	Height	05"
Tare Weight:	1.6lbs	



SC 15 1208

Outside Dimensions:	Length	15"
	Width	12"
	Height	08"
Tare Weight:	2.2lbs	



SC 15 12 10

Outside Dimensions:	Length	15"
	Width	12"
	Height	10"
Tare Weight:	2.5lbs	



SC 24 1505

Outside Dimensions:	Length	24"
	Width	15"
	Height	05"
Tare Weight:	3.0lbs	



SC 24 1508

Outside Dimensions:	Length	24"
	Width	15"
	Height	08"
Tare Weight:	3.6lbs	

Container Standards

DaimlerChrysler Truck Group

1

6.5.3.1 KLT and GLT Standard Containers

KLT standard containers have been introduced between European suppliers exporting via consolidation center to USMCA, in place of expendable modular boxes. Expansion of this program may eventually include suppliers shipping via CC ex-USMCA to Europe.

Mehrwegladungsträger	Einwegladungs-träger	Ansicht	Innenmaß (mm)	Außenmaß (mm) inkl. Einbaustärke	Gewicht	Nutzlast (KLT)	Stapelung (Einweg, bzw. Einweg-Mehrweg möglich)
T5 3215 	B405920034		Ce. 272x171x130	300x200x147*	0,30 kg	15 kg	
T5 4314 	B405920035		Ce. 370x272x263	400x300x147*	0,48 kg	15 kg	
T5 6414 	B405920036		Ce. 669x370x130	600x400x147*	0,8 kg	15 kg	
T5 4328 	B405920037		Ce. 370x272x263	400x300x280*	0,76 kg	15 kg	
T5 6428 	B405920033		Ce. 669x370x263	600x400x280*	1,2 kg	15 kg	
	B404020059 / B404020060		Stulp (Boden/Deckel)	1.200x1.100 x130 bzw. 1.200 x 800 mm			
	B430060080/ B430060081		Palette	1.200x1.100 x147 bzw. 1.200 x 800 mm			

6.5.4 Internal Dunnage for Returnable Systems

RETURNABLE DUNNAGE

Common returnable dunnage materials:

- Plastic corrugated board (Akylux):
 - Layer Pads: parts requiring separation between stacked layers
 - Partitions: parts requiring separation between parts
- Thermo-formed trays: Heavy and odd shaped parts; parts requiring specific line side orientation/presentation to the operator
- Structural foam trays: Robotically or automatically unloaded parts
- Die cut foam inserts: Small parts requiring orientation and protection (i.e. sensors)

Whenever possible:

Recyclable materials should be used and clearly marked as to resin type established by the Society of Plastics Industry (SPI).

EXPENDABLE DUNNAGE

Common expendable dunnage materials:

- Corrugated paper board
- Layer pads – parts requiring separation between stacked layers
- Partitions – parts requiring separation between parts
- Plastic corrugated board – used as corrugated (as above), but for overseas shipments
- Wood boards – as dividers, corners posts, separators

Whenever possible:

- Paper based dunnage should be used
- Recycled content materials should be used

Plastic expendable dunnage must be recyclable and clearly marked as to resin type established by the Society of Plastics Industry (SPI).

When using wood or corrugated, no foreign materials (i.e. foam) should be adhered to the wood or corrugated material – no mixed dunnage.

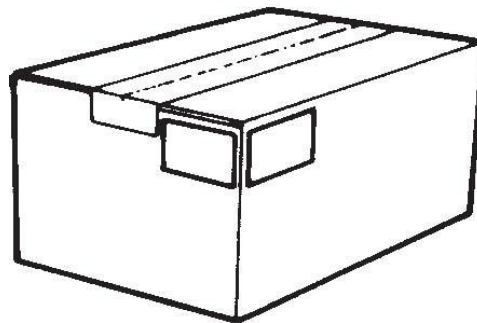
It is the supplier's responsibility to always have a DDC approved expendable packaging option available for outbound shipping at their respective facility in case of returnable container shortages. Additionally, DDC will continue to prioritize any returnable container shortages. However, it is the supplier's responsibility to bear the costs associated with the expendable option.

6.6 Production Part Container Labels

DDC utilizes an AIAG B10 standard label format for container labels.

CONTAINER LABEL

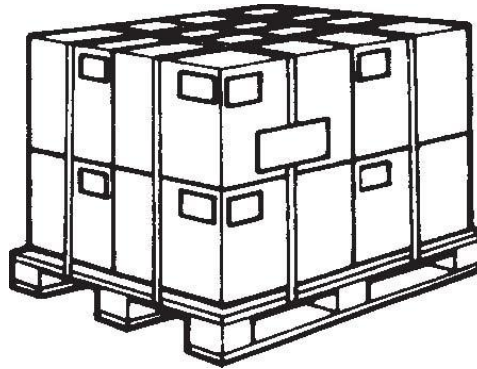
Each box will use two container labels, with labels placed on adjacent corners. To increase ergonomic & safety awareness, DDC wants all handheld containers to include gross container weight, which should be below 30 lbs..



Some container labels will require a Data Matrix Code (DMC) reflecting the part production information. DMC information is managed by DDC Supplier Quality, and all questions regarding DMCs should be directed to DDC Supplier Quality. Additional information on DMC formatting can be found in DDC Quality document MBN 60534. All container labels required current part ZGS level clearly shown.

MASTER LABEL

Each pallet load of small containers will use two master labels, with labels placed on opposite sides of the pallet load. All master labels require current ZGS level clearly shown.



MIXED LOAD LABEL

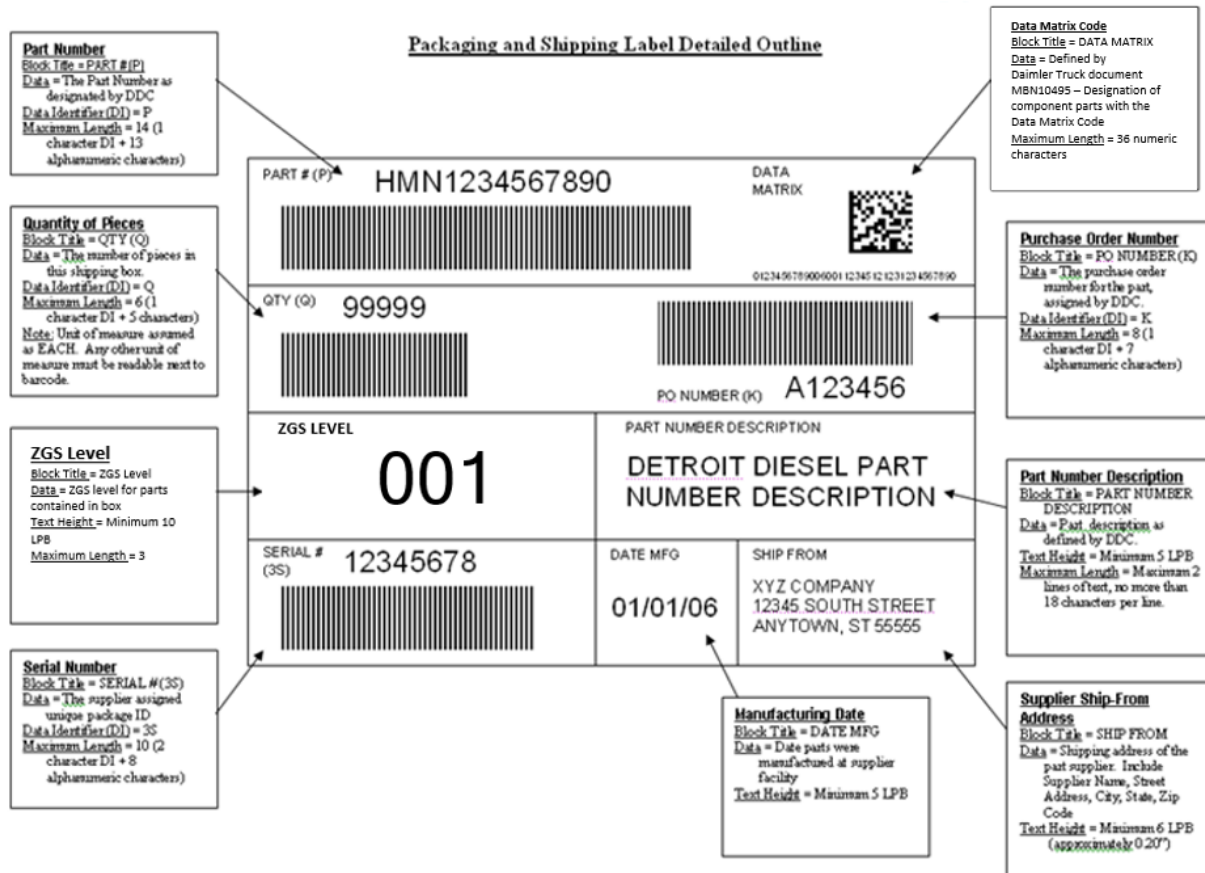
Mixed loads are acceptable only when:

- Approved by DDC
- Multiple part numbers are required to be shipped in which the individual parts have an order multiple that is less than one layer on a pallet.
- All containers on the pallet are individually identified with a bar code label along with a "Mixed Load" label in bold 1.0" (25.4 mm) letters attached in a noticeable location. This means each part number will be contained in its own box. Any part numbers mixed within a single box will be refused.
- Individual part numbers are sorted on the pallet with all labels easily identified on the pallet without need to break down the pallet. Anything greater than three rows on a layer is unacceptable.
- Packing slips are broken down on a pallet level basis for part quantity check purposes at the receiving dock.

Any pallets container multiple part numbers require four Mixed Load labels, one on each side of the pallet load. This label replaces the Master Label for mixed loads.

6.6.1 Label Samples

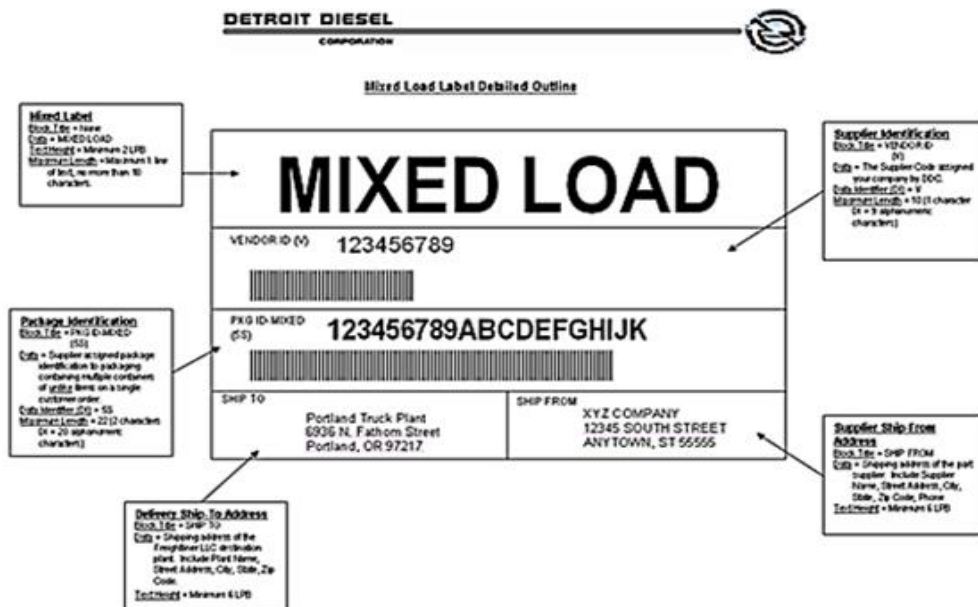
CONTAINER LABEL



MASTER LABEL



MIXED LOAD LABEL



6.7 Rust Prevention

For production parts, volatile corrosion inhibitors (VCI) methods and materials are required instead of oil-based rust inhibitors for cleanliness reasons.

It is DDC's intention to allow suppliers to use their standard rust proofing materials where possible; however, it remains the supplier's responsibility to provide preservation until the point of use:

1. For DDC production parts a minimum of 30 days after receipt at the DDC plant (transportation + 30 days at DDC).
2. For CC ex-USMCA parts minimum of transportation +180 days.

Any introduced substance must undergo real simulation testing for DDC approval. This is largely because substances that may pass lab testing may fail in actual practice, due to introduced environmental situations that would not be present in lab testing.

6.8 Packaging Appendix

6.8.1 APPENDIX A: Returnable Container Agreement

It is the goal of the DDC packaging department to eliminate expendable packaging and implement the use of returnable containers between DDC and its suppliers. Returnable containers provide many benefits to DDC and its suppliers, as well as benefiting the environment by reducing the use of corrugated board and wood for pallets. DDC has had much success thus far with its returnable system and would like it to continually grow and have all suppliers using returnable containers when economical.

The following information details the specifics of the DDC returnable container system. An agreement form will be filled out and a member of the DDC packaging department will evaluate the information provided. The outcome of this evaluation will be discussed with the supplier to determine the correct number of containers needed for the system. The attached "*Returnable Container Request*" form should be used when requesting containers from DDC.

DDC Returnable Packaging Guidelines

I. Ownership of Containers

DDC will retain ownership of all current returnable containers and any tooling needed for non-standard containers or dunnage.

II. Container Cleanliness / Storage

It is the supplier's responsibility to clean any containers used to ship parts to DDC. The containers should be kept in an area that is not exposed to any external or internal elements which could damage the containers. The supplier is responsible for removing all old tags and labels from containers prior to refilling with parts for return to DDC.

III. Lead Time / Work in Process

Returnable containers should be used for shipments to DDC only. An adequate lead time will be determined by the DDC packaging department to allow for production of current orders. The containers are to be used for JIT delivery and should not be used for any future orders. **The containers cannot be used by suppliers for work in process.** DDC reserves the right to make unannounced visits to manufacturing sites if a supplier is suspected of container misuse.

IV. Container Part Number

All containers will have a specific part number so that they may be traced through DDC's inventory tracking system.

V. Container Audit

An audit of all containers in the program will be taken once a year, or when specified, and suppliers will be asked to count all containers on hand. This will be done to determine if there are any significant losses and to ensure that there will be enough containers to support the system. All suppliers will be required to do this. The inventory date will be determined by the DDC packaging department and suppliers will be given ample time to prepare for it. All suppliers are required to provide a full container count at their facility each month.

VI. Damaged / Replacement Containers

Parts must not be shipped in damaged containers. As damaged equipment is so segregated, it should be collapsed, folded down (where applicable) and clearly marked "Damaged Container Do Not Re-Use" on all four sides. The supplier should contact their vendor scheduler or packaging engineer for shipping instructions or disposition approval. At this point suppliers should call their DDC representative who will advise them what transportation arrangements to make.

VII. Labeling / Barcodes

Each container must be identified and will have a container identification label on it. This will eliminate any confusion regarding which containers are used in the system. Part number labeling must be on adjacent sides of each container and must be in accordance with Section 6.6 above.

VIII. Container Supply / Transportation

Containers are managed via an Electronic Container Management System and will be shipped out based on DDC part demand scheduling. Any additional requests for containers can be requested via your respective part scheduler. Suppliers must not rely on DDC to expedite containers to them.

IX. Expendable Packaging

Expendable packaging should only be used in emergency situations once a returnable container system has been established. This should be done only with the authorization of the DDC Packaging Department and/or DDC Vendor Scheduling. It is the supplier's responsibility to have a DDC approved expendable packaging option available for outbound shipping at their facility at all times, in case of returnable container shortages. Additionally, DDC will continue to prioritize any returnable container shortages, however, it is the supplier's responsibility to bear the costs associated with the expendable option. If parts are shipped in unapproved expendable packaging, a line call may be issued due to a required repack.

6.8.2 APPENDIX B: Glossary of Terms

Bottom Deck: Load bearing surface

Bursting Strength: A measurement of the ability of a material to resist rupture when pressure is applied to one of its sides.

Certificate, Box Maker's: A statement printed on a corrugated fiberboard box guaranteeing that all applicable construction requirements of the carriers have been observed, identifying, and locating the box maker.

Closure: The method used to seal a container once the parts have been packaged within it.

Compression Strength: The maximum load that can be applied to a container under specified conditions. Static compression refers to a container's ability to withstand a stationary load for a period of time. Dynamic compression strength refers to the load at failure when an increasing load is rapidly applied.

Corrugated Board (Double Wall): A corrugated board construction composed of three linerboards and two fluted mediums. The board is stiffer and stronger than single wall and is used for containing heavier products.

Corrugated Board (Single Wall): A corrugated board construction composed of two linerboards and one fluted medium. The board is not as strong as double wall or triple wall.

Corrugated Board (Triple Wall): A corrugated board construction composed of four linerboards and three fluted mediums. The board is stiffer and stronger than single wall and double wall and is used for containing industrial sized heavy products.

Deck Board: The surface element used in the construction of a pallet deck.

Density: The weight of a given volume of a material. In inch/pound units this is usually expressed in pounds per cubic foot.

Dunnage: Devices or Materials used to support, hold, secure, and/or protect goods during shipment.

Footprint: The projected area upon a horizontal plane describing the outermost dimensions of length and width of a pallet, container or container system.

Level One Container: The first wrap or containment of a product (also known as primary package or child container).

Level Two Container: A package or containment of primary package (also known as secondary package or parent container).

Notched Stringer: The structural component of a pallet to which the deck boards are attached.

Overhang: A condition in which the edges of packages or products go beyond the perimeter of a pallet, losing support for the package or product and making them more vulnerable to abrasion and damage.

Pallet: A portable platform on which groups of packages are unitized into a single load to facilitate efficient distribution.

Standard Pack/Standard Pack Quantity: The standard pack is the smallest full container with a constant quantity and size. The standard pack quantity is the consistent number of pieces in the standard pack.

Tare Weight: The weight of containers, excluding the weight of the part.

Electronic Container Management System: System used to monitor/forecast container inventory between supplier and customer.

6.8.3 APPENDIX C: Packaging Data Sheet DDC Production & CC ex USMCA

Packaging Data Form - Detroit Diesel			
		Supplier Responsible to Complete Cells	
		Cells Auto-populate unless Non-Standard	
Section 1: Supplier Information (Shipping)			
Supplier Name:			Supplier Code:
Supplier Address:	City, State:	Country:	
Packaging Contact Name:	Tel#:		
Email Address:	Fax:		
Section 2: Part Information			
Part(s):			
Part Number(s):			
Part Description:			
Part Weight (lbs):	Part Dimensions (in): L x W x H:		
Section 3: Packaging Information			
Container (Section 2 only)		Pallet (Unit Load)	
Quantity of Parts:			0
Carton Code:	Select Primary Container	Select Pallet:	
Material Type:	Select a Material	Select a Material	
Closure Type:			
Total Loaded Weight (lbs):			
Dimensions (in): L x W x H:			
Dunnage Description:			
Labels (Quantity/Location):			
Carts per Layer:	Transit Stack:		
Layers per Pallet:	Warehouse Stack:		
Section 4: Photos			
Photo of part w/dunnage inside of primary container		Photo of unit load	
Section 5: Comments and Approvals			
Comments			
Name		Date	
Supplier Pkg:			
Plant Pkg:			

Excel format version is available from the DDC packaging engineer.

6.9 Aftermarket Parts Packaging & Labeling Guidelines

Suppliers are responsible for unit packaging and labeling aftermarket parts so that they arrive at the DDC Parts Distribution Center (PDC) and/or the point-of-use, in damage free condition, with appropriate documentation. In addition, packaging must be economical with minimum impact on the environment and labeling must be in accordance with industry standards. Parts should not include any of the following: supplier branding, supplier name, supplier contact info or any other distinguishing identification unique to the supplier. The country of origin must be clearly marked on the packaging label. Bar coding capability is required. Reach out to your respective PDC contact for packaging questions.

A link to the guideline "Packaging Guidelines for Aftermarket Parts" is provided here:

<https://supplier.daimlertruck.com/en/procurement/dtna>

Daimler Truck North America (DTNA)

 Sprache ⇅	 Dokumentnummer ⇅	 Titel ⇅	 Format ⇅
 DE	ALD00001172	Daimler Trucks North America Production Parts Packaging, Labeling and Shipping Guidelines	PDF
 EN	ALD00001173	DTNA Aftermarket Supercedure Request	XLSX
 EN	ALD00001175	DTNA Production Part Approval Process Exception Conditions	PDF
 DE	ALD00001182	DTNA Supplier Self-Survey	XLSX
 EN	ALD00001189	Supplier Quality Manual	PDF
 EN	ALD00001185	Environmental Management System (Training, Policy and Approval Form)	PDF
 EN	ALD00001181	DTNA Repair Tag Instructions	PDF
 EN	ALD00001188	Supplier Quality Corrective Action Form	DOC
 EN	ALD00001187	Prototype-Sheet_ Metal Checking Fixture-Gage Construction Standards	PDF
 EN	ALD00001190	Supplier Sustainability Standards	PDF
 EN	ALD00001501	Customs Compliance & Supply Chain Security Guidelines	PDF
 EN	ALD00001520	2021 DTNA Office Holiday Schedule	PDF
 EN	ALD00001950	Doing Business DTNA	PDF
 EN	ALD06000008	Supplier proQ Training	PDF
 EN	ALD06000004	EDI and Communication Services	ZIP
 DE	ALD06000016	DTNA Terms and Conditions	PDF
 EN	ALD06000019	Packaging Guidelines for Aftermarket Parts	PDF
 EN	ALD06000010	Supplier proQ registration process via Daimler Supplier Portal	PDF
 EN	ALD06000017	FOSS Terms and Conditions	PDF
 EN	ALD06000025	Customs Compliance & Supply Chain Security Guidelines	PDF

7. Accounts Payable

Supplier invoices must exactly match the DDC Purchase Contract to ensure timely processing and payment. DDC prefers receiving invoices via EDI 810 (or EDI 210 for freight). Suppliers must monitor 997 Functional Acknowledgements and 824 Application Advice to identify and correct rejected or missing invoices. Refer to Section 5 for EDI details and Section 7.2 for Evaluated Receipt Settlement (ERS). Refer to Section 9 – Transportation/ Logistics for freight billing.

7.1 Invoice (Non-ERS) Requirements

A three-way match (PO, goods receipt, invoice) is required for payment. For non-production materials/services, suppliers must notify the requestor to ensure proper goods receipt (GR). Each GR must include a Shipment ID (SID), which must appear on the invoice.

Invoices must exactly match the PO line details. If unable to match, contact the DDC requestor at the time of PO receipt to modify the PO. Charges not listed on the PO must be pre-approved and included in the piece price.

Each invoice must reference only one SID, and each SID must appear on only one invoice. The SID must be communicated in advance via Advanced Shipping Notice (ASN). For contract labor or professional services, the SID should reflect the week-ended date (typically Saturday). Mismatched SID entries will delay or prevent payment.

Preferred Invoice Submission Methods

- EDI 810 – “Electronic Data Interchange”
 - For production and aftermarket vendors
 - Proven on time payment record
 - High auto-match rate because SID (shipment ID number) on the ASN (advanced shipping notice) will match the SID on the EDI invoice
- Evaluated Receipt Settlement (ERS)
 - System-generated invoice process in production and some aftermarket scenarios
 - Payments based on goods receipt and contract input. Eliminates issues with mismatching documents
 - ERS eligibility must be approved by DDC
 - Highest rate of on-time payment
- Email PDF – Send to documentsubmission@daimlertruck.com
 - Required for non-PO invoices and must include the name of the requester

- Please send a data PDF (vs an image PDF)
- Not recommended due to handling time and delayed processing timeline

Invoice Content Requirements

Document must clearly state “invoice” as DDC does not make payments based off supplier statements or proforma invoices.

Invoices must include the following. Missing critical fields (bolded) will result in rejection:

- **Supplier name, address, supplier code**, and contact information
- **Invoice date and number**. Number must be maximum 16 characters with no special characters, dashes, or leading zeros. Only one invoice number per SID.
- Bill-to name (e.g. Detroit Diesel Corporation), address, and contact information
- **Final receiving destination (where goods receipt is keyed)**. Must match Delivery Address/Ship-To Address on the PO.
- **Shipment ID (SID)**. Only one SID number per invoice, and only one invoice per SID. SID number must match the ASN and the Packing slip. SID must be exactly the same with no variations including leading zeros, special characters, dashes or spaces.
- **DDC Purchase Order (PO) number AND PO Line number**. Invoice must not reference multiple PO types.
- For non-PO invoices, **DDC contact (requestor name)** of the material/service
- **DDC Part / Material number** (must match number on PO)
- **Quantity shipped** (not to exceed PO Quantity)
- **Unit Price** and Currency (must match PO)
- Unit of Measure (must match PO)
- Extended price per line item
- **Total amount of invoice**
- Other charges, if applicable, must be stated separately on both the PO and invoice for payment

7.2 Evaluated Receipt Settlement (ERS)

ERS allows DDC to pay suppliers based on goods receipt without requiring an invoice. Payment is calculated using received quantity and PO piece price.

Suppliers must not send invoices for ERS-eligible shipments. ERS payment documents are emailed to the supplier’s Accounts Receivable contact and include delivery note, part number, quantity,

and payment amount for reconciliation purposes. For international shipments, customs invoices are still required.

ERS Document Includes:

- Invoice number (for remittance)
- Date of ERS payment document generation
- Supplier name and address
- DDC contact for discrepancies
- Supplier number
- Plant address
- PO or scheduling agreement number
- Material number and description
- Item number
- Delivery note (SID)
- Delivery date
- Material document number (the DDC generated goods receipt number)
- Quantity and unit of measure
- Unit price and net price
- Net value and total amount
- Additional costs (if any)

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ERS Document Page 1 of 1

VENDOR NAME
VENDOR ADDRESS
CITY, STATE, ZIP

Invoice Number 4600000000
Date 11/06/2010
Contact PURCHASING DEPARTMENT
Vendor Number 12345678

Plant Address
Redford
Manufacturing of engines
Detroit, MI 48239

Contract Number: 5102781265 00010 2108 00010

Material / Description:		08929013		/ SEAL CYL LINER CREVICE S60		
Item	Delivery Note	Delivery Date	Material Doc	Quantity/Unit	Unit Price in USD	Net Price USD
00001	933250	04/01/2010	5000454677	1,500 EA	1.44	2,163.00
Contract Number:		5102781265 00010		2108 00010		
Material / Description:		08929013		/ SEAL CYL LINER CREVICE S60		
Item	Delivery Note	Delivery Date	Material Doc	Quantity/Unit	Unit Price in USD	Net Price USD
00002	933251	04/01/2010	5000454678	1,500 EA	1.44	2,163.00
Net Value						4,326.00
Additional Costs						
Total Amount						4,326.00

7.2.1 Credit Memos

Do not send credit memos for DDC-issued debit notes as it can result in a duplicate adjustment. Supplier generated credit memos can be sent to documentsubmission@daimlertruck.com and include:

- Supplier details: supplier name, supplier code, address, and contact information
- Credit memo number
- Credit date

- Sold-to name and ship-to address
- Ship-from location
- SID (must match ASN and packing slip exactly)
- Original invoice number and PO number
- Reason for credit
- RMA number (if applicable)
- DDC part/material number
- Quantity adjusted
- Unit of measure and price (must match PO)
- Total credit amount
- Other applicable charges (e.g. core, freight, taxes)

7.3 Payment Terms

Standard terms are Net 60 Days, unless otherwise specified on the PO.

7.4 Banking Instructions

DDC pays via EFT. Remittance advice is automatically sent via e-mail to the contact on record. To enroll or update banking information:

- Contact DTNA-APVendorCode@daimlertruck.com
- Authorized personnel must complete a form
- Secondary contact confirmation is required
- Tax ID must match DDC records
- Note that the account will be temporarily blocked during changes

7.5 Debit Memos

Debit memos can be issued for a variety of reasons, such as:

- Invoice price > PO price
- GR quantity < invoice quantity
- Routing violations
- Multiple SIDs on one invoice
- Packaging issues

- Warranty claims
- Returned goods

Accounts Payable cannot resolve debits initiated outside the department. To file a dispute, please follow the instructions on the debit memo.

Debits are auto deducted and emailed to the AR contact on file. Copies are also saved to the [AP Web Portal](https://p2pp.sourcehov.com/dtna/) (<https://p2pp.sourcehov.com/dtna/>). If not on the portal, email AP@DTNAhelpdesk.com.

7.6 Disputes

- Suppliers must direct disputes to the appropriate department within 60 days of the transaction or event giving rise to the dispute, as follows: Pricing → Purchasing
- Quantity → Receiving location
- Warranty → Warranty Department

7.7 Statements

DDC may request monthly statements for reconciliation. Suppliers must send Excel statements showing all open items, including without limitation, credits and unapplied cash, to documentsubmission@daimlertruck.com.

7.8 Audit Confirmation Requests

DDC does not sign or mail audit confirmations. Email requests to documentsubmission@daimlertruck.com. DDC can confirm up to 10 invoice numbers as long as the document number format matches what was captured in DDC's accounting system. Internal supplier reference numbers cannot be reconciled.

7.9 Accounts Payable Contacts

7.9.1 Help Desk

The [AP Web Portal](https://p2pp.sourcehov.com/dtna/) (<https://p2pp.sourcehov.com/dtna/>) can provide the following information:

- Confirmation of invoice receipt
- Debit amount if applicable

- Debit memo saved on invoice line for 60 days
- Set to pay date
- Clearing document details

DDC requires that suppliers have reconciled their statements prior to contacting the Help Desk as the Help Desk is primarily intended to assist with resolving payment issues.

If unresolved, email AP@DTNAhelpdesk.com with:

- Invoice copies
- Summary spreadsheet if > 10 invoices
- Ticket number for tracking

System limitations prevent the Help Desk from researching aged items older than 12 months.

7.9.2 Contact Emails

- PDF invoice submission & statements: documentsubmission@daimlertruck.com
- Inquiries after checking [AP Web Portal](#): AP@DTNAhelpdesk.com
- AR supplier contact and banking updates: DTNA-APVendorCode@daimlertruck.com
- EDI invoice issues: APEDI-Admin@daimlertruck.com

7.9.3 Dock/ Plant Contacts

When contacting the plant or dock, the suppliers must use the group email to dispute debit memos and receiving issues. Suppliers will need to include a copy of the packing slip and proof of delivery.

Email subject line should include:

DOCK NUMBER, VENDOR ACCOUNT, VENDOR NAME, INVOICE OR SHIPMENT NUMBER

Plant email addresses:

REDFORD: dd-ddcreceipts@daimlertruck.com

CANTON: ddc-receipts-can@daimlertruck.com

AXLE SALTILLO: dw_164_saltillo-aac@daimlertruck.com

CANTON PDC: DTNA-Receipts-CAN@daimlertruck.com

DLC – DETROIT LOGISTICS CENTER: dw_590-dlc_all-salaried@daimlertruck.com

8. U.S. Import Compliance

The following is the link to the Supplier's Guide to DTNA and DDC's U.S. Import Compliance.

Detailed information on this topic can be found at:

<https://supplier.daimlertruck.com/en/procurement/dtna>

Daimler Truck North America (DTNA)

 Sprache	Dokumentnummer	Titel	Format
 EN	ALD00001173	DTNA Aftermarket Supercedure Request	XLSX
 EN	ALD00001175	DTNA Production Part Approval Process Exception Conditions	PDF
 EN	ALD00001189	Supplier Quality Manual	PDF
 EN	ALD00001181	DTNA Repair Tag Instructions - 6/23	PPTX
 DE	ALD00001182	DTNA Supplier Self-Survey	XLSX
 EN	ALD00001188	Supplier Quality Corrective Action Form	DOC
 EN	ALD00001185	Environmental Management System (Training, Policy and Approval Form)	PDF
 EN	ALD00001187	Prototype-Sheet_ Metal Checking Fixture-Gage Construction Standards	PDF
 EN	ALD00001501	Customs Compliance & Supply Chain Security Guidelines	PDF
 EN	ALD00001950	Doing Business with DTNA	PDF
 EN	ALD06000004	EDI and Communication Services	ZIP
 EN	ALD06000016	DTNA Terms and Conditions	PDF
 EN	ALD06000010	Supplier proQ registration process via Daimler Supplier Portal	PDF
 EN	ALD06000019	Packaging Guidelines for Aftermarket Parts	PDF
 EN	ALD06000017	FOSS Terms and Conditions	PDF
 EN	ALD06000029	DTNA Truck Plant Locations & Addresses	XLS
 EN	ALD06000038	Production Part Approval Process (PPAP) Manual	PDF
 EN	ALD06000035	DTNA Production Part Packaging and Label Requirements	PDF
 EN	ALD06000032	Social Responsibility, Environmental Protection, and Product Compliance Standards	PDF
 EN	ALD06000031	Supplier Warranty Coverage Packet	PDF
 EN	ALD06000036	FuSa Supplier Self-Disclosure Template	XLSX

9. Transportation / Logistics

9.1 Introduction

This section outlines the preferred modes and methods of transporting material to DDC where DDC is the party responsible for freight as stipulated in the terms of the purchase contract.

DDC reserves the right to invoice the supplier for any additional expenses incurred due to non-compliance by the supplier, regarding requirements set forth in this section.

If no shipping instructions have been issued by the logistics department prior to the first scheduled deliveries, please contact one of the following DDC Logistics team members:

Logistics Analysts:

irlanda.valtierra@daimlertruck.com

linda.ivanovic@daimlertruck.com

marisol.altamirano@daimlertruck.com

jennifer.west@daimlertruck.com

ed.marshall@daimlertruck.com

randy.myers@daimlertruck.com

Supervisor: vy.diaz@daimlertruck.com

9.2 North America Transportation

9.2.1 Routing Instructions

Effective October 14, 2024, all North American suppliers receive shipping instructions automatically via email for every shipment, including truckload, intermodal, less-than-truckload (LTL), and parcel shipments. These instructions contain essential information from DDC's transportation management system (TMS) for routing at shipment level. The supplier should use this information to identify the carrier for pick-up or setup, and to include relevant details in your Advance Ship Notice (ASN 856). The email with shipping instructions includes the carrier's name, SCAC code, pickup date, and a unique load ID, e-pro number for LTL routing. The supplier must include the carrier's SCAC code, unique load ID and e-pro number, if applicable, in the supplier's Advance Ship Notice (ASN 856). This will enable DDC to match the supplier's ASN to the shipment in DDC's system for track and trace. For LTL shipments, see attached instructions for LTL carriers e-pro process.

The latest EDI specification documents, along with shipping instructions can be found on the Daimler Truck supplier portal [DDChttps://supplier.daimlertruck.com/en/procurement/ddc](https://supplier.daimlertruck.com/en/procurement/ddc) under "EDI and Communication Services".

If the supplier is to be part of a managed route, a JIT conference call will be held with the supplier, carrier, and DDC transportation team member where transportation instructions will be communicated. All participants will be provided with JIT-Minutes which will include:

- Pickup and Delivery window times
- Contact information
- Requirements & Expectation for all parties

The JIT-Minutes will provide an overview of shipping guide and contact information. The shipping instructions will provide details of pickups. Any deviation from the managed route must be approved by the DDC transportation team member and vendor scheduler.

9.2.2 Expedited Shipment

Any expedited shipment that is to be paid for by DDC must be authorized through a PFA (premium freight authorization number). Expedited shipment requests must be sent to the transportation team by vendor schedulers and include approved PFA. The transportation team will coordinate and provide carrier for the pickup through shipping instructions.

9.2.3 Dock Schedules

DDC requires delivery appointments and many of our contracted carriers already have assigned window times. Any shipments made outside of the routing instructions, even if made at the supplier's expense, must have a delivery appointment.

DDC reserves the right to assess and impose monetary penalties for a demonstrated pattern of compliance failures regarding on-time performance.

9.2.4 Trailer Loading

It is the supplier's responsibility to properly secure with stretch wrap, banding, and/or other means (except stapling boxes to pallets) all material for shipment, which includes material being properly loaded, blocked and braced in the trailer.

It is the supplier's responsibility to properly and safely load the shipping conveyance (sea container, truck etc.) for transport. This includes securely blocking and bracing unit loads to avoid shifting in transit.

The supplier will be held financially responsible for any damaged material and/or extra handling charges that result from loads not being properly loaded, blocked and braced.

9.3 International Transportation

9.3.1 Freight Forwarding Agents

In almost all cases where the origin of the supplier is outside of the domestic United States, DDC employs the services of a freight forwarder to plan and manage material flow from international suppliers to DDC. Please cooperate with DDC selected agents' representatives as you would DDC employees and provide them with the information necessary to optimize freight costs.

While DDC selected freight forwarding agents can vary by region of the world for many reasons (cost, service, etc.), DDC attempts to align with partners in specific regions that will manage DDC business and keep transportation costs as competitive as possible. Regardless of mode of transport (full container (FCL), less than full container (LCL), and air freight our standard terms of sale (Incoterms) will be Free Carrier-Supplier Dock (FCA). The standard mode of transport will be Sea Freight (Ocean Transport) and any deviation requires prior approval from an authorized representative of DDC Logistics and/or Purchasing.

As such, and as defined and published by Incoterms-2020, FCA dictates that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at said seller's dock. Therefore, the supplier is responsible only for clearing the goods for export and loading the goods onto a DDC-selected carrier at named place (Seller's Dock). All ownership and risk are transferred to DDC only upon completion of these steps.

9.3.2 U.S. Customs Broker

For all shipments entering the United States from foreign countries, the DDC custom's broker should be noted on the bill of lading and/or commercial invoice (pro-forma invoice) as the "notify party". DDC nominated customs brokers are:

- Shipments from Mexico – Expeditors for export from Mexico nld-dtnanb@expeditors.com; and Expeditors for US Import DaimlerCHB.LRD@expeditors.com
- Shipments from Canada – Daimlerchb.yyz@expeditors.com; preadvance-buf@expeditors.com
- Shipments from all other countries—Expeditors, DaimlerCHB.PDX@expeditors.com
- Shipments to Mexico – DHL Global forwarding dtasb@excel.com and Expeditors for MX imports, 52 (867) 711-2100, nld-dvcmf2sal@expeditors.com, nld-dvcmf2stg@expeditors.com

- Ocean shipment into Mexico- nsegura@sapsc.mx, Tel. 833 226-7046 / 7152 / 7382 E119 M (833) 384 57 99
- Air shipment into Mexico – Jeraldine.ponce@nadglobal.com, Tel. +52 (55) 5785 4755 Ext. 8292

Email is the preferred method to receive documents.

Documentation required on all international shipments:

- Commercial Invoice
- Packing List
- Bill of Lading / Airway Bill / Seaway Bill (depending on mode)
- Certificate of origin and/or manufacturer's affidavit of origin (if applicable)
- Letter of Instruction (Northbound shipments, with origin Mexico)

Sending pre-alerts on all international shipments is preferred to ensure all necessary documents are present for timely customs clearance.

9.3.3 ISF Enforcement for U.S. Ports

As of May15, 2015, CBP has entered a new enforcement phase for ISF. The Enforcement is parsed out according to the type of violation:

- a) No ISF filed: CBP has adopted a "three strikes and you're out" policy for non-ISF filers. In other words, three no-file violations within a 12-month time frame at any port in the country will result in a \$5,000 Liquidated Damages penalty (subject to mitigation). CBP HQ will be in charge of issuing penalties based on information provided to it by the ports (CBP noted that there may be variances in how diligent each port is in reporting no-files);
- b) Late ISF's: CBP HQ has given the ports wide latitude on how to handle late ISF's. For example, Seattle will send an Informed Compliance Notification for ocean shipments with a missing ISF starting five days prior to the arrival of the vessel. After arrival, the container will automatically be designated for VACIS (X-ray) examination. If no ISF is filed after arrival, the container will be moved to a Container Exam Station (CES) and held until the ISF is filed. On the other hand, the Port of Long Beach has a much more liberal approach, allowing for late ISF's to be filed up until 72 hours after vessel arrival before moving the containers to a CES. NOTE: If the container contains multiple shipments within a consolidation, the container will be allowed to proceed only when all ISFs

have been filed for each shipment; otherwise, the container will be detained.
Additional information can be found here: <https://www.cbp.gov/>

To avoid late ISF filing The OCEAN shippers / OCEAN freight forwarders must send shipping information and documents to the following addresses seventy-two hours (three days) before vessel sailing:

- DaimlerCHB.PDX@expeditors.com
- PDXDaimler@expeditors.com
- trade.compliance.pool-id@daimlertruck.com
- Ed.marshall@daimlertruck.com
- Jennifer.west@daimlertruck.com

Refer to Section 9.3.2 for list of required documents.

In the subject line of the supplier's ISF filing emails, the supplier must include the following details:

- Booking number Or ISF filing number
- Shipping Name

Failure to comply could result in chargebacks to the shipper.

9.3.4 Routing Instructions

All international suppliers will be issued international supplier routing instructions outlining the designated freight forwarder and shipping information. Each international supplier should receive a routing letter as part of the purchase order process. If a supplier has not been provided with routing letter documentation, please contact DDC Logistics well in advance of the expected ship date. International suppliers will also be notified of any changes in service providers and will be required to sign off reflecting they have received and understand the routing instructions. Each new copy of the routing instruction will supersede any previous instructions.

Failure to comply with DDC routing instructions can and will result in the supplier being charged back for any additional transportation and administrative fees DDC has incurred due to any routing failure.

9.3.5 Verified Gross Mass

Under the new SOLAS VGM (verified gross mass) requirement, effective July 1, 2016, the shipper named on the ocean bill of lading is the party responsible for providing the container carrier and the terminal operator with the verified gross mass of a packed container. The carrier and the terminal operator must not load a packed container aboard a ship unless they have a verified gross mass for that container. The "shipper" according to MSC 1 / Circ. 1475 (the IMO's guidance on VGM), is "a legal entity or person named on the bill of lading or sea waybill or equivalent multimodal transport document as shipper, and/or who (or in whose name or on whose behalf) a contract of carriage has been concluded with a shipping company." This responsibility shipper doesn't go away if a shipper uses a forwarder to pack and weigh a container, forward it to the port and even make the booking with the carrier. If the forwarder is acting purely on the instructions of the shipper to undertake that work on his behalf, and the shipper's name is still what appears on the bill of lading, it's the shipper that is responsible for verifying the gross mass weight. The shipper will have to ensure that it's satisfied with the integrity of the forwarders' weighing process if it's relying on the forwarder's measurement.

The full text of the SOLAS regulations and the IMO Guidelines Regarding the Verified Gross Mass of Container Carrying Cargo (MSC.1/Circ.1474, 9 June 2014) can be found at:
<https://www.worldshipping.org/>

9.3.6 Intra-Mexico Shipment

Suppliers selling materials (without Mexican VAT) to DDC that are physically shipped from Mexican locations to DDC Mexican Facilities (Detroit Axle Saltillo), may only perform direct shipments within Mexico (no border crossing implicated) by establishing Virtual Operations in accordance with the valid Mexican General Foreign Trade Rules (RCGMCE 4.3.22, 5.2.2 and 5.2.3); all of the direct shipments should be consigned to Daimler Vehículos Comerciales México, S. de R.L. de C.V (DVCM-DAS) and notified in advance (before shipment occurs) by the supplier to itc-mx_import@daimlertruck.com in order to evaluate the corresponding scheme to follow.

Requirements for suppliers:

- Suppliers aiming to perform Virtual Operations with DDC facilities in Mexico are expected to notify DVCM, sending an email to itc-mx_import@daimlertruck.com as soon as they are confirmed by DDC to become an authorized supplier, and before starting the shipments in order to establish the corresponding set up process for supplier's Virtual Export and DVCM's Virtual Import with a unique Mexican Customs

Broker designated by Daimler. Suppliers Truck should not ship to DVCM-DAS until DVCM confirms that the virtual operation is fully set up with the Mexican Customs Broker.

- Suppliers must provide a designated contact to itc-mx_import@daimlertruck.com in order to handle and coordinate monthly or specific Virtual Operations along with the Mexican Customs Broker (designated by Daimler Truck) and DVCM.
- Suppliers are required to provide the technical and commercial information of the part numbers to be sold to DDC in order to determine and agree jointly with DVCM, the applicable Mexican HTS Code for each part number. Suppliers are also required to specify in the Invoice (proforma or commercial), who is the seller, the buyer, and the physical address of the Daimler Truck Mexican location that will receive the shipment. (If the seller is a different company, and therefore the exporter of record - EOR-, the Mexican supplier that sends the shipment must also be listed)
- DVCM operates with monthly virtual operations which must be timely closed and filed with the Mexican customs broker in accordance with the Mexican legal framework. Penalties or fines incurred in either supplier's virtual export operations or DVCM's virtual import operations which derive from omissions of past, current or future shipments not covered under a virtual export pedimento or not concluded in time, where the supplier is at fault, are to be covered by the supplier.
- Suppliers must cover their virtual export operations brokerage costs to the Mexican customs broker previously designated by Daimler Truck, unless otherwise agreed contractually with DDC.
- On a monthly basis, suppliers must deliver to itc-mx_import@daimlertruck.com an electronic copy of an updated report for their Mexico tax conformance, according to the Mexican Federal Tax Code (Opinión positiva vigente del cumplimiento de obligaciones fiscales prevista en el artículo 32-D del Código y en la Resolución Miscelánea Fiscal).

10. Social Responsibility, Environmental Protection and Product Compliance Standards for Suppliers

The "Social Responsibility, Environmental Protection and Product Compliance Standards for Suppliers" (the "Standards") can be accessed at

<https://supplier.daimlertruck.com/en/procurement/ddc> and are incorporated herein by this reference. These Standards represent requirements with which all DDC suppliers must comply regarding human rights, labor standards, environmental protection and safety. They have

worldwide application and are directed at both product suppliers and service providers. The contents of this document are incorporated into the terms of the contracts with our suppliers around the world.

The Standards define the standards and requirements on social responsibility, environmental protection and product compliance that all suppliers for Daimler Truck North America LLC and its subsidiaries (collectively, "Daimler Truck North America") must meet. The Standards are based on the Daimler Truck "Business Partner Standards"

<https://supplier.daimlertruck.com/en/sustainability> and our company-wide "Declaration of Principles for Social Responsibility and Human Rights"

<https://supplier.daimlertruck.com/en/sustainability> both incorporated herein by this reference.

They are also drawn from on various relevant national laws and regulations, including but not limited to the German Supply Chain Due Diligence Act of 16 July 2021 (LkSG), as well as international standards such as the International Bill of Human Rights, the 10 principles of the United Nations Global Compact (<http://www.unglobalcompact.org>), the United Nations Guiding Principles on Business and Human Rights (hereinafter referred to as "UN Guiding Principles", (OHCHR | Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework), the OECD Guidelines for Organization for Economic Co-operation and Development (OECD.org) and the core labor standards of the International Labor Organization (ILO, <http://www.ILO.org>).

11. Warranty

11.1 Introduction

The DDC warranty process is designed to improve overall brand quality. Active supplier participation in the process ensures the timely resolution of quality issues and increases both customer and dealer satisfaction.

11.2 Warranty Agreement

Suppliers are required to have a signed warranty agreement ("WA") with DDC. If no separate agreement is in place, standard WA terms will apply to all parts supplied by the supplier, past, present and future during the standard coverage period (see Appendix 1 of Section 11).

Standard coverage begins when the powertrain, component (engine, axle, transmission, aftertreatment system or e-Powertrain component) or vehicle is placed in service and will continue for the longer of:

- Five (5) years or 500,000 miles for engines, aftertreatment systems and e-Powertrain components
- Five (5) years or 750,000 miles for axles and transmissions

For emission-related components, suppliers must comply with the mandated Environmental Protection Agency ("EPA") and California Air Resources Board ("CARB") warranty coverage requirements as issued by the respective agencies and revised from time to time.

11.3 Warranty Process

11.3.1 Authorized Repair Facility Claim Submittal

The warranty process begins when a customer takes their vehicle to an authorized repair facility for a repair. An authorized repair facility checks to see if the vehicle has warranty coverage, performs a repair, and submits the warranty claim using a web-based warranty system.

The warranty system has up-front filters that will only allow a claim to be validated if the vehicle has warranty coverage for the repair performed. Coverage depends on the make and model of the DDC component and goes into effect on the vehicle or component in-service date. The date and mileage at the time of the failure must fall within the time and mileage parameters of the coverage for the claim to be approved.

11.3.2 Claim Processing

Warranty claims are processed manually by the warranty processing group, or automatically by the warranty system.

Warranty claims containing parts, labor and outside charges that meet the parameter criteria for auto processing are accepted into the warranty system. Warranty claims that do not meet the parameters for auto-processing, are processed manually. The warranty administration team reviews the manually processed claims to validate that the parts, labor and outside charges included in the claim are correct. A claim can be paid, denied, or adjusted during the manual process. The authorized repair facility is paid for the claim, once it has been approved for payment.

11.3.3 Supplier Response

The warranty system generates a warranty claim report which requires response as outlined in Section 11.3.4.

11.3.4 Claim Categories

11.3.4.1 No Parts Return Required

If the supplier selects “no parts return required” as the part return option in the WA, associated parts of a claim will not be returned for inspection. These claims require a valid response from the supplier within 30 days of the “submit to supplier” date. The warranty eligibility of the claim is determined by the repair facility explanation of the failure in the warranty claim story. These claims are not part of the warranty random sample and will not be included in the acceptance rate (AQ).

Required response time: 30 days.

11.3.4.2 Parts Return Required

11.3.4.2.1 Claims with Parts

If the supplier selects “parts return required” on the WA, claims will be sent to the supplier for parts inspection and will be part of the warranty random sample as outlined in Section 11.5.3.1.

Required response time: refer to Section 11.5.4.1.

11.3.4.2.2 Claims without Parts

Claims without parts are warranty claims that do not have an associated part to return. Claims without parts require a valid response from the supplier within 30 days of the “submit to supplier” date, as shown in the system or documentation provided by DDC. The warranty eligibility of the claim is determined by the repairing outlet’s explanation of the failure in the warranty claim story.

These claims are not part of the warranty random sample and will not be included in the AQ.

Examples for claims without parts include, but are not limited to:

1. Software claims
2. Component could be repaired
3. Consumable parts (i.e. sealant, connectors, wire, terminals, etc.)

Required response time: 30 days

11.3.4.2.3 Complete Aggregate Failures

Warranty claims that include a complete engine, axle, or transmission are excluded from the warranty random sample and will be adjudicated separately following all terms of Section 11.5.4 with the exception of Section 11.5.4.2. These claims will be charged as outlined in the recovery payment terms in the WA.

11.3.4.3 Recall/Campaign Claims

These are warranty claims that are part of a predefined proactive field action. Adjudication of these claims is as defined in Section 11.6.1 Recall/Repair Campaign.

11.4 Defect Determination

Defects shall be identified by the repair facility and then input into the DDC systems for processing of quality defects. The damaged parts are provisionally identified as defective by DDC. DDC shall, in its sole discretion, determine whether a part is defective.

11.5 Handling of Procedures for Standard Recourse

The process for standard recourse applies to defective deliveries that have not led to a recall or repair campaign.

11.5.1 Definition of a Parts Family

A parts family is defined as parts with the same function and properties. The parts family is used to measure the acceptance rate of a particular part group.

11.5.2 Forming a Parts Family

As a rule, parts families are formed specific to divisions by DDC and the supplier. In particular, the following parts are pooled in a parts family:

- Parts that can be substituted interchangeably in a workshop repair
- Series production parts and spare parts (e.g. new, improved successor parts that replace an older version)
- Different country variants if there are no serious technical deviations
- Across series models for similar and technically comparable components

11.5.3 Return of Parts

The receiving party is responsible for all shipping costs. The supplier shall provide preferred shipping method, account number and ship to address to drmc@daimlertruck.com. If there is no information provided, all parts will be shipped collect.

11.5.3.1 Random Sample for the Analysis of Damaged Parts

A warranty random sample is used to determine defects. Sample parts are damaged parts where damage has occurred within the applicable period of limitation for warranty claims.

These damaged parts are made available to the supplier by the DDC inspection stations for purposes of analysis and serve as the basis for establishing the acceptance rate.

Unless otherwise agreed upon, the warranty random sample as a rule is comprised of 10% to 30% of the damaged parts, within a parts family, collected from the United States of America (referred to herein below as the "Reference Market") within a settlement period .

At the instruction of DDC, more than 30% of damaged parts can be requested if needed for the purpose of problem solving. These damaged parts will not influence the acceptance rate, which is based on the 10-30% warranty random sample.

The supplier and DDC shall agree in advance on any modifications to the scope of the random samples, and the markets from which such samples are selected for specific parts families. It will be required that such modifications are feasible and economically viable, can be expected to deliver further insights, and improve the quality work in each individual case.

Should the scope of the random sampling performed as part of the warranty random sample be lower than 10% of the damaged parts in the Reference Market, then the parties may agree to adjust the Acceptance Rate determined in this way, unless this shortfall has been coordinated with the supplier.

At the instruction of DDC, or request of the supplier, specifically targeted damaged parts that do not form part of the warranty random sample – e.g. additional parts within time period of random sample above 30%, parts from certain countries, parts produced in specific periods of time, or parts subject to certain fault symptoms or failure modes – can be returned and forwarded to the supplier for analysis. These damaged parts will not influence the acceptance rate.

11.5.3.2 Procedure in the Event the Number of Damaged Parts is Not Representative

Should there be indications that the damaged parts from the U.S. do not reflect the global failures in a representative way, or that no damaged parts originate in the U.S., DDC may also include damaged parts from other countries in the warranty random sample.

DDC shall notify the supplier in advance of the intended expansion of the Reference Market. The supplier may object to such expansion of the Reference Market within 14 days following the notice, doing so in writing and providing objective grounds for the objection. Should the supplier not object to the expansion of the Reference Market, or should the supplier fail to provide objective grounds for such objection within 14 days, the expansion of the Reference Market will be deemed as having been confirmed by the supplier. Should the supplier provide objective grounds, DDC and the supplier shall agree on a provision governing the Reference Market.

11.5.3.3 Compilation of a Random Sample of Fifty Parts in One Settlement Period

Once 50 damaged parts of a parts family originating from the Reference Market within one settlement period have been submitted for inspection, it is to be assumed that this random sample is representative of all parts. DDC may filter out the warranty parts for the corresponding settlement period. DDC shall notify the supplier about this. The acceptance rate shall be agreed on this basis. Should the supplier not object to this procedure, or should the supplier fail to provide objective grounds for such objection within 14 days, the procedure shall be deemed as having been confirmed by the supplier. Should the supplier object to the procedure in writing within 14 days of the written notice, citing objective grounds for such objection, shipping shall recommence.

Even after 50 damaged parts of a parts family have been submitted, the supplier shall continue to have an obligation to work with DDC to analyze individual parts as goods subject to inspection to identify new damage patterns or potential long-term defects.

11.5.3.4 Early Compilation of a Representative Sample from Specific Production Periods

If DDC determines that the continued analysis of damaged parts is not expected to deliver further insights, DDC and the supplier may mutually agree on an early acceptance rate for a defined scope of parts for certain parts from a parts family originating in specific production periods. Once an early Acceptance Rate is agreed upon, no further parts will be sent.

If the supplier objects within the objection period via the objection process, the shipping of parts will resume.

Even if an early AQ is agreed to by the parties, the supplier shall continue to have an obligation to work with DDC to analyze individual parts as goods subject to inspection to identify new damage patterns or potential long-term defects.

11.5.4 Performance of Damage Analysis and Determination of Acceptance Rate (AQ)

Performance of damaged part analysis and determination of AQ is based on:

VDA Quality Management in the Automotive Industry Marketing and Customer Care

MB Standard 60448 Truck Damaged Part analysis field

<https://docmaster.supplier.daimlertruck.com/DocMasterSupplier/foldercontent>

Filter	Filter	Filter
☐ ALD00000275	MBST - Mercedes Benz Special Terms - Anlage 3 zu MBST 13 - Werkstoffstückliste für PPF - Verfahren nach MBST 13	2016-10
☐ ALD00000439	069.DK.00327 Warenanhänger "Neue BauteilAusführung"	2015-08
☐ ALD00000687	Guidelines for submission of materials to eSEP++.	2021-07
☐ ALD00001618	Anforderungen Qualität Kaufteile Rohbau	2021-09
☐ ALD00001668	Batterie Anlaufschreiben V1	2021-06
☐ ALD00002647	Template Inspection Handbook Field Failure Analysis	2025-09
☐ MBN 60448	Field Failure Analysis	2025-08

11.5.4.1 Deadlines in Damaged Part Analysis

In the analysis of Damaged Parts by the supplier, the supplier shall follow the timeline outlined below:

Standard Part:

Kick off - date part is received by the supplier

5 days from receipt of parts – confirmation receipt of parts via OWL or email to drmc@daimlertruck.com

14 days from receipt of parts - communicate initial inspection test findings and implement containment measures

28 days from receipt of parts - conclusive findings

Priority Part:

Kick off - date part is received by the supplier

5 days from receipt of parts - confirmation receipt of parts via OWL or email to drmc@daimlertruck.com

7 days from receipt of parts - communicate initial inspection test findings and implement containment measures

14 days from receipt of parts - conclusive findings

If the supplier chooses to inspect parts at DDC, the supplier agrees to the following:

The supplier must inspect jointly with DDC once a month if parts are available.

Timeline for parts inspected at DDC outlined below:

Standard Part:

Kick off - date inspected

14 days from receipt of parts – communicate initial inspection test findings and implement containment measures

28 days from receipt of parts - conclusive findings

Priority Part:

Kick off - date inspected

7 days from receipt of parts – communicate initial inspection test findings and implement containment measures

14 days from receipt of parts - conclusive findings

For avoidance of doubt, the inspection timeline is further explained in writing below:

In the analysis of damaged parts by the supplier, the supplier shall confirm receipt of parts using via email to drmc@daimlertruck.com within five (5) calendar days of receipt.

The supplier shall send DDC a status response with its initial test findings and measures that can be implemented immediately, within 14 calendar days of receiving the parts.

The supplier shall notify DDC of its conclusive findings (see VDA volume "Field Failure Analysis" Section 2.2 "Test Status and Test Strategy in Damaged Part Analysis") no later than 28 calendar days after it has received the parts. The result of the inspection must include statements on the causes of the failure and implementable measures serving the final and conclusive remedy of the defect, in the form of an 8D Report compliant with the VDA guideline. Acceptance or denial of each inspected part must be communicated in writing with each final inspection result.

In the case of a priority part, the supplier shall provide feedback to DDC within seven (7) calendar days of receiving the parts, with its initial test findings and measures that can be implemented immediately. Furthermore, a reduced period of 14 calendar days shall apply for the notice regarding the conclusive inspection result in the form of an 8D Report and comply with VDA guidelines. Priority parts are those that are start-up parts (vehicle, component, system), parts from immobility cases, or safety-relevant parts.

If the supplier does not meet the deadlines for its conclusive findings, the claim for the parts concerned will be considered accepted. Parts rejected by the supplier shall remain the property of DDC. The supplier must return them to DDC within 14 calendar days (with the date of receipt by DDC governing the timeliness of the return) after the conclusive findings were communicated to DDC. The parts shall be delivered back to DDC in the same condition as when received by the supplier, unless destructive testing is agreed to by DDC. Where rejected parts are not marked as "relevant for returns", the parts are to be held by the supplier in a quarantine store for 10 weeks after conclusive findings were communicated to DDC and are to be made available to DDC at DDC's request. Following expiry of this 10-week period, the supplier is to scrap the parts. Should the supplier fail to comply with these obligations to return and store the parts, the corresponding claim for those parts shall be deemed accepted.

If the supplier accepts a claim for parts, it is under no obligation to return or store the parts. The deadlines set out in the present Section 11.5.4.1 may be modified by the parties' mutual consent, if such modification is justified.

If the supplier wants to extend deadlines, the supplier shall make a written request to the responsible inspection station including the status of the supplier's analysis, the reasons for the requested extension and the new proposed completion date. DDC may, at its sole discretion, accept or reject the supplier's requested extension.

11.5.4.2 Calculating Acceptance Rates (AQ)

DDC calculates the on the basis of AQ the results of the damaged part analysis. All AQ usually relate to a specific parts family and a defined incidence period. The acceptance rates identified shall be applied to global damage claims.

The acceptance rate is calculated as the number of damaged parts accepted by the supplier out of all damaged parts submitted as "warranty goods".

The DDC inspection station reserves the right to audit the damaged part analysis process with the supplier at any time, after providing suitable notice in line with the VDA standard "Quality Management in the Automotive Industry Marketing and Customer Care - Field Failure Analysis." This audit also assesses the implementation of all sections of "MBN Standard 60448 Damaged Part Analysis Field".

A score of less than 80% according to the VDA "Damaged Part Analysis Field – Audit Standard" indicates that the supplier's analysis of damaged parts is unviable or only partially viable. This

means that the actual Acceptance Rate must be greater than shown by the supplier's results. To establish a realistic AQ, DDC can negotiate an audit surcharge (AZ) on the acceptance rate with the supplier, based on its score.

$$AQ[\%] = \frac{[(\text{Total of accepted Damaged Parts}) + (\text{Total of Damaged Parts not analyzed on time}) + (0.5 \times (\text{Total of NTF-cases if applicable*})) + (\text{Total of parts not returned on time})]}{(\text{Number of Damaged Parts shipped})} \times 100 + AZ[\%]$$

AQ[%] can be a maximum of 100%

*see Section 11.5.4.5

11.5.4.3 Product and Process Changes and Production Relocations

In the event of product changes, process changes, or production relocations for which the supplier did not notify DDC, and DDC did not approve, as detailed in Section 4, the AQ shall be 100%, unless the supplier proves that there is no causal connection with the defect. In the case of assemblies or multi-part deliveries, this shall include the parts procured by the supplier from subcontractors or sub-suppliers.

In the event of a field failure, as a result of design, material or process changes requested by the supplier, the supplier shall remain responsible even if the change passed DDC specs and design validation plan & report (DVP&R).

11.5.4.4 Cost Settlement as Part of Damaged Part Analysis

The costs incurred in connection with the damaged part analysis shall be borne by the supplier and DDC each respectively. Transportation and logistics costs incurred shall be paid by the respective recipient. If the supplier demands additional returns of parts other than the warranty random sample, the supplier shall bear the transportation and logistics costs incurred.

11.5.4.5 No Trouble Found (NTF) Process

If no defects or reasons for breakdown are found after performing the damaged part analysis, the supplier shall initiate the NTF process, as per VDA volume "Field Failure Analysis " and "MB

Standard 60448 Truck Damaged Part analysis field". The NTF process serves to find the cause of a problem not identified in a standard damaged part analysis. The NTF process shall be initiated if it has not been possible to trace a customer complaint by way of performing a standard damaged part analysis by the supplier. If DDC disputes NTF findings, then the acceptance rate will be at 50%.

For NTF failures that do not trigger the NTF process per the MBN 60448, each part will be reviewed and if DDC can find the supplier responsible root cause, all NTF failures will be accepted at 100%. If both parties are unable to find a root cause, a shared AQ of 50% will be applied.

11.5.5 Processing of Warranty Claims

11.5.5.1 Warranty Cost Determination

The supplier shall reimburse DDC per the recovery payment terms outlined in the warranty agreement (WA).

Cost outlined in the WA may be divided into multiple claim submission for a single repair event. These can include, but not limited to, the following:

- Towing Claim associated with the failure
- Sublet Repairs
- Supplemental Claims
- Iteration Claims

11.5.5.2 Calculation of Recovery Volume with application of Acceptance Rate

For claims with parts, the recovery volume is calculated by multiplying the Acceptance Rate (AQ) by the sum of warranty costs worldwide.

Recovery volume = AQ x warranty costs of the supplier worldwide

11.5.5.3 Invoicing in Standard Recourse

Warranty costs are determined for each calendar year, in the year incurred. DDC shall issue debit memos in agreed upon intervals, for warranty costs incurred, based on claims volume worldwide.

The supplier must respond to financial settlements within 30 days, or the amounts will be debited.

DDC will review disputes within 120 days from date of invoice. However, DDC will not review or reverse debits older than 120 days.

11.6 Procedures in the Event of Recall, Repair Campaign

Special procedures will be followed if the defective part led to a recall or repair campaign.

11.6.1 Recall/Repair Campaign

The obligations detailed in "DDC Terms and Conditions", paragraph 22, shall apply if the defective part supplied by the supplier necessitates, in DDC's sole discretion, a recall or a repair campaign.

11.6.2 Processing of Claims for Recall or Repair Campaigns

If a defective part results in a recall or repair campaign, the parties will negotiate in good faith to enter into a separate agreement detailing the process for the related warranty claims. The claims handling process, detailed in Section 11.5 of this agreement shall not apply if the defective part results in a recall or repair campaign. However, the provisions made in Section 11.5.4.3 will be applied accordingly, in cases of special recourse.

11.7 Claims despite acceptance

The release or approval by Daimler Truck of parts provided by the supplier within the development and approval process, as well as the compliance with the DVP&R test specifications and the release of PPAP parts shall not grant a blanket release of the supplier's responsibility concerning potential field failures.

11.8 Information Relevant to Recourse for the Supplier and Contact Persons

The supplier may obtain information relevant to recourse from the IT recourse system maintained by Daimler Truck via the Daimler Truck Supplier Portal. It is in the interest of the supplier to regularly review this information as it will provide the supplier with an overview of defects of its parts.

To ensure smooth communications in cases of recourse, the return of damaged parts, and their analysis, the supplier shall provide to DDC, and any other Daimler Truck entities to which it delivers parts, the name and contact information for at least one responsible supplier contact. The supplier shall further notify DDC and other relevant entities of any changes to its supplier contact(s).

The supplier shall submit an inspection handbook outlining in detail the standard field failure analysis process and the NTF field failure analysis process in accordance with the VDA volume "Field Failure Analysis". For new awarding, an inspection handbook must be provided at the latest by the time of PPAP. An inspection handbook template can be found on the supplier portal <https://docmaster.supplier.daimlertruck.com/DocMasterSupplier/foldercontent>.

Defined Terms:

Acceptance Rate (AQ)	$AQ[\%] = \frac{[(\text{Total of accepted damaged parts}) + (\text{Total of damaged parts not analyzed on time}) + (0.5 \times (\text{Total of NTF-cases if applicable})) + (\text{Total of parts not returned on time})]}{(\text{Number of damaged parts analyzed})} \times 100 + AZ[\%]$ AQ[%] can be a maximum of 100% *see section 11.5.4.5
Damaged Part	Part that malfunctioned in the field
Dealer Claim	Claim of Damaged Part from Dealer to DDC
Goods Subject to Inspection	Damaged Part
Immobility Case	failure occurs if truck gets stuck on side of the road and truck cannot move under its own power
Objection Period	14 days
Objection Process	Supplier to provide objective grounds in writing – via email
Period of Limitation	Warranty period of limitation, miles and service years
Priority Part	• Within 1 year of implementation/DDC product launch • Safety relevant • Immobility case
Progressive Damage	Secondary damage beyond primary failed part (PFP)
Repair Facility	Authorized dealer who makes repairs on DDC products
Series Damage	3% of whole population globally has failure mode
Settlement Period	Defined period of time when samples are collected and acceptance rate (AQ) is applied. Maximum one year period.
Standard Part	Any part outside of priority part
Standard Recourse	Inspection ongoing with standard recovery process
Supplier Claim	Claim of damaged part from DDC to the supplier
Vendor Recovery	Funds recovered from the supplier based on warranty claims from repair facility
Warranty Part	Part that is replaced on warranty claim
Warranty Random Sample	Random sample of warranty parts for inspection
Warranty Random Sample	10% to 30% of the damaged parts, within a parts family, collected from the United States of America (U.S.) (referred to herein below as the "Reference Market") within a settlement period
Warranty System	Web-based system where claims are submitted by dealer and processed (OWL: Online Warranty Link)

Appendix 1: Standard WA

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Between

Detroit Diesel Corporation

13400 Outer Drive West, Detroit, Michigan 48239-4001, United States – and its subsidiaries, hereinafter "DDC" –

and

Supplier Name

Supplier Address – hereinafter "Company" –

DDC and Company agree as follows:

1. Scope of Agreement

In supplement and consideration of purchase contracts and any Long Term Agreements issued by DDC and/or its subsidiaries to Company and subsequent purchase orders for the same or similar products, Company agrees to the terms and conditions set forth herein and attached. As supplemented by this document, all terms and conditions of the DDC purchase contracts and Doing Business with Detroit Diesel Corporation (DBDDC), both which can be found at www.supplier.daimlertruck.com, and any Long Term Agreements shall apply. To the extent Company has entered into agreements with Daimler Truck North America LLC or its affiliated entities concerning or relating to warranty coverage, process or procedure, this Agreement shall control for all parts purchased by DDC.

2. Service Time and Mileage

Coverage begins when the powertrain component or vehicle is placed in service and will continue for the periods ("Warranty Period") set forth below:

For engines and aftertreatment systems for the longer of:

- a) Five (5) years or 500,000 miles, and
- b) To the extent that Company's parts sold to DDC are subject to United States Environmental Protection Agency or California Air Resources Board regulations, Company warrants those parts, at a minimum, for the duration and mileage specified in 40 C.F.R. § 1036.120, and as the California Air Resources Board mandates at 13 C.C.R. § 2036, as revised from time to time, for the engine and, aftertreatment service class, model year, and certification, as applicable.

For e-Powertrain components, for the longer of:

- a) Five (5) years or 500,000 miles, and the requirements set forth in Section 2(a) below.

For axles and transmissions, for the longer of:

- d) Five (5) years or 750,000 miles, and
- e) To the extent that Company's parts sold to DDC are subject to United States Environmental Protection Agency or California Air Resources Board regulations, Company warrants those parts, at a minimum, for the duration and mileage specified in 40 C.F.R. § 1037.120, including the California Air Resources Board's adopted version of that regulation, and the California Standards And Test Procedures For New 2021 and Subsequent Model Heavy-Duty Zero-Emission Powertrains, as revised from time to time, as applicable for each of the e-Powertrain components and/or axles and transmissions respectively.

3. Parts Return (pick one of the 3 return choices)

No parts return required

Parts returned to DDC and reviewed at DDC with Company at a sample rate (between 10-30%)

Parts returned to Company and reviewed at Company at a sample rate (between 10-30%)

If return to Company option is selected, parts will be returned to the Company at the address set forth in the Parts Return Contact Information section of Annex 1 attached hereto and incorporated by this reference.

Company shall follow the parts return procedure as detailed in the following sections in DBDDC:

11.5.3 Return of Parts

11.5.4 Performance of Damage Analysis and Determination of Acceptance Rate (AR) Recovery Payment Terms

4. Recovery Payment Terms:

In the event a part supplied by Company is replaced during the Warranty Period, Company shall reimburse DDC for the following costs:

- a) Parts at 100% of the purchased cost to DDC's Parts Distribution Center + physical distribution (13.3%) + Repairing Outlet Markup based on dealer price (as claimed by the repairing outlet)
- b) All labor costs associated with the repair to bring product back to operating condition

c) Freight at 100% within the United States

d) Towing at 100% where required

e) Progressive damage per repairing facility's cost. Progressive damage is defined as damage to other engine or chassis components, which occurs as a direct result of the failure of the Company's component. Reimburse progressive damage failures at indicated cost submitted by repairing facility plus factory cost of components supplied directly by DDC to the repairing facility (i.e. new engine replacement, new transmission replacement, new axle replacement).

5. Supplier Warranty Procedures

To minimize non-warrantable claim submissions, Company shall provide all applicable warranty inspection procedures and decision criteria as well as all supporting field diagnostic information necessary for the service technician to identify all warrantable and non-warrantable conditions. Company shall be responsible for costs resulting from those conditions where the provided diagnostics are not adequate to identify non-warrantable conditions at the time of repair. Company's contact information is set forth in the Warranty/QA Contact Information section of Annex 1.

All warranty related procedures (e.g. claim responses, debit/credit memo disputes) can be found in DBDDC.

6. Final Agreement

This Agreement is the final and entire agreement of the parties with respect to the subject matter contained herein and supersedes all prior or contemporaneous oral or written communications or agreements between the parties with respect to such subject matter. Notwithstanding the foregoing, communications or agreements between the parties finally settling or otherwise confirming an agreement with respect to warranty claims, recall or repair campaign or similar are not modified or superseded by the terms of this Agreement. This Agreement shall not be modified in any way except in a writing signed by the parties which expressly states it is an amendment to this Agreement.

Any handwritten or other manual edits to this contract shall not be deemed accepted.

This Agreement may be electronically signed or accepted, and any electronic signature or acceptance are the same as handwritten or manual signatures for the purposes of validity, enforceability, and admissibility.

Annex 1

Warranty/QA Contact Information - Required Company Information

Contact Name & Title: _____
 Company Name: _____
 Address: _____

 Phone: _____
 Fax: _____
 E-mail Address: _____
 Claim Billing Address: _____
 (if different) _____

Parts Return Contact Information - Required Company Information

Contact Name: _____
 Company Name: _____
 Ship To Address: _____

 Phone: _____
 Fax: _____
 E-mail Address: _____
 Shipping Method: _____
 Carrier Account #: _____

12. DDC Cyber Security Requirements

12.1 Supplier Requirements for Cyber Security Related Topics

All DDC suppliers must agree to the secure handling and exchange of information, the implementation or such as the existence of an adequate information security concept, security measures, incident management, personnel qualifications, audit rights, information ownership, information classification, and risk management.

12.2 Supplier Access to Systems

- Suppliers who require access to DDC information agree to follow DDC's information security requirements.
- Supplier access shall be restricted to the information sources that they need to meet their contractual obligations with DDC.
- The supplier will not get access to information resources until they have signed a legal agreement that they will follow the information security requirements.
- Access to DDC information is given only to those supplier employees who need it to meet their contractual obligations.
- The user logins for the supplier are stopped after the services are done.

12.3 Information Security

Suppliers must meet specific standards set forth in this section to protect DDC and supplier information.

12.3.1 Secure Handling of Information and Protection of Systems

The supplier should protect all shared information from unauthorized access, modification, destruction or loss, transmission, and misuse.

Suppliers must take reasonable precautions to prevent their systems from creating security threats that would affect DDC's infrastructure, including without limitation, ensuring that the supplier's systems and devices are free from malware.

12.3.2 Management of Incidents

12.3.2.1 Incident Notification

The supplier must notify DDC immediately of all incidents affecting it that could jeopardize DDC's information security, including without limitation, data loss, misuse, malware infections, and unauthorized access and/or of circumstances that indicate such incidents. Any such incident must be promptly reported to Daimler Truck AG Cyber Security Operations Center ("CSOC") via call: 1-833-967-0992 (toll free, 24x7).

12.3.2.2. Contact Persons

The supplier should appoint contact person(s) for information security responsible for reporting security incidents and violations to DDC and monitoring the response and remedial measures.

12.3.2.3 Incident Remedial Action

The supplier should ensure that security breaches and incidents are resolved without undue delay. The supplier shall take all necessary measures to mitigate any impact to DDC and to support DDC in restoring information. At DDC's request, the supplier must submit a detailed incident report, which must include the results of security tests, identified information security risks and information security incidents, and actions taken or to be taken accordingly.

12.3.2.4 Staff Awareness

The supplier must instruct its employees and contractors on security requirements and procedures, including without limitation, incident management and acceptable use of DDC information.

12.3.2.5 Information Security Certification

The supplier shall provide evidence of an appropriate level of information security at the supplier's premises, in particular by submitting the TISAX[®] label with Assessment Level 3 for production material suppliers. DDC may request the same label from all other suppliers within the respective purchase contract and/or applicable agreement. The parties may agree to a reasonable period for the initial testing of a site in

accordance with the respective certificate and or any changed requirements relating to the appropriate level of information security.

12.3.2.6 Right to Inspect

If DDC becomes aware of a breach of the agreed implementation and maintenance of information security requirements, the existence of an information security incident or if there are reasonable grounds to suspect such a breach, DDC has the right to verify compliance with the information security requirements ("Audits"). The supplier will cooperate and provide necessary information, to the extent required for the Audit. DDC may, after timely notification and during normal business hours, and to the extent reasonable, also inspect the supplier's premises, including without limitation, the relevant IT systems, to verify compliance with the agreed technical and organizational measures, without disrupting the supplier's operational processes. DDC is entitled to engage an external company that is bound to confidentiality vis-à-vis third parties to carry out such Audits, provided that this company is not a competitor of the supplier.

12.3.3. Contact Information for Questions

Any questions about the information security provisions set forth in this Section 12.3 can be sent to TPCRM@daimlertruck.com. This email ID should not be used for incident notification, which must be reported pursuant to Section 12.3.2.