Continental
The Future in Motion

GSCC

Global Supply Chain Concept

Version 2018.14

Section I:
Global Supply Chain Concept Requirements

Global Supply Chain Concept

– hereinafter referred to as “GSCC” –

by and between

[Legal Entity Supplier]

[Place of Registration / Headquarter]

[Country]

– hereinafter – together with its Related Companies - referred to as "Supplier" –

and

Continental Automotive GmbH

Vahrenwalder Straße 9

30165 Hannover

Germany

– hereinafter – together with its Related Companies – referred to as "Continental" –

……/……..
Initials CA Initials Supplier

Preamble

In order to ensure a flexible and demand oriented supply for our global customers, on a basis of economic processes and structures, it is necessary that all suppliers cooperate closely with Continental Automotive. Therefore, the suppliers of Continental have to meet basic requirements concerning the logistics capabilities.

With the GSCC the Supplier confirms to comply with Continental's standard supply chain processes. In order to respond to specific supply processes of particular Continental plants or regions, this GSCC can be supplemented by region- or plant specific requirements. The GSCC will be valid worldwide for all legal entities of Continental Automotive.

1. Validity

The Strategic Supplier Contract ("SSC") forms a frame agreement and is the leading contract document for any business relation with the Supplier. Specific topics regarding logistics shall be governed by this GSCC. Entering into a GSCC is a precondition for Continental's purchase of Contract Products from Supplier.

The GSCC is divided up in two parts

- Section I (mandatory part) which requires the Supplier's acceptance and
- Section II (descriptive part) which needs to be acknowledged by the Supplier

Both, acceptance and acknowledgement, need to be indicated by signature on page 8.

2. Definitions

Unless defined in this GSCC, capitalized terms shall have the meaning as set forth in the SSC.

In express deviation to the definition as set forth in the SSC, the following shall apply to the GSCC:

"The term "Related Company" shall mean any company which, through ownership of voting stock or otherwise, directly or indirectly, is controlled by, under the common control with, or in control of a Party hereto, the term "control" meaning the ownership of more than 50% of such company's voting rights. Continental Related Company shall only be a company belonging to Continental Automotive Divisions."

3. Delivery reliability

The Suppliers' target is 100% delivery reliability calculated according to recommendation VDA 5001 and is defined as delivery of the Contract Product called for by Continental in the correct quantity, time, location, packaging, labeling and electronic information.

For the avoidance of doubt, in the event of non-conformities Continental reserves the right to charge all provable costs occurred in connection with such non-conformities to the Supplier.

4. Communications

The Supplier shall define and communicate a key contact for logistical issues as well as a suitable backup for each Continental location. The Supplier must communicate any changes in contact persons to Continental without undue delay. The Supplier ensures that this contact person has good language skills in the national language of the respective Continental location or good knowledge of English.

……/……..
Initials CA Initials Supplier

In case of supply shortages an emergency contact number shall be available 24h in case the key contact and his back-up are not reachable.

5. Electronic Data Interchange (“EDI”)

The Supplier accepts that EDI (e.g. EDIFACT) standard is used for all necessary data exchange. Continental will also accept the alternative process of Web EDI (via SupplyOn).

The Supplier agrees to install upon Continental’s request EDI /WEB EDI connections for the following message types for the communication between the Parties:

- Delivery Schedule
- Inventory Report
- Invoices / Self-Billing Invoices (SBI)
- ASN / Delivery and Transport Data

Each Party shall bear its own costs arising out of the establishment, maintenance and use of the communication mode including any fees relating to the use.

The Parties check if the received message(s) is/are complete, correct and plausible. If any deviations are noted, the respective Party must inform the responsible Continental or Supplier contact without undue delay.

6. Preferred Sourcing Models (“PSM”)

In general, all suppliers are required to deliver the Contract Products according to one of the following PSM:

- Customer Managed Inventory (“CMI”) consignment warehouse
- Vendor Managed Inventory (“VMI”) consignment warehouse
- Just-in-Time (“JIT”), deliveries minimum three times per week, no frozen horizon, only INCOTERMS 2010 DAP or DDP possible

The respective PSM shall be chosen by the individual Continental location. After a mutual agreement between the Parties, the Supplier shall provide the implementation of the PSM on a free-of-charge basis.

For CMI- / VMI- consignment warehouse the Supplier is obliged to sign a separate consignment warehouse contract.

As tax and duty obligations differ in most countries, even within European Union (EU), the Supplier has to ensure compliance to customs, accounting and tax regulations of the countries where the PSM shall be implemented before setting-up of the model.

7. Order Management and Flexibility

Depending on the agreed PSM, the Supplier receives delivery schedules (CMI/JIT) or gross demand (VMI) information which updates Continental’s demand (Rolling Forecast) for minimum twelve (12) months. A new delivery schedule or gross demand information (Rolling Forecast) replaces the previous one completely.

7.1. Flexibility within Lead-Time

The Supplier shall provide flexibility of ± 20 % of the cumulated quantities within the lead-time in accordance with the latest rolling forecast and without any costs for Continental. To ensure this flexibility, the Supplier may use existing consignment inventory at Continental location.

……/……..
Initials CA Initials Supplier

In order to ensure the supply of Contract Products, the Supplier has to assure sufficient capacity according to the Yearly Pricing and Supply Agreement (YPSA). Therefore, the Supplier has to compare regularly requested demand according to call-off or gross demand information with available and contracted capacity. Supplier shall immediately communicate any capacity gap to the ordering Continental location and the responsible Continental purchaser.

7.2. Frozen window

In order to align the material flow to automotive requirements, Continental allows a frozen window (fixed horizon) for non-VMI and non-JIT components covering maximum the transport time from the last shipping point of the Supplier. “Frozen window” shall mean that the quantity and delivery dates are fixed in the respective delivery schedule and can only be changed in mutual agreement between Continental and the Supplier.

7.3. Objection

Delivery schedules (CMI/JIT) or gross demand information (VMI) are deemed to be accepted and approved by the Supplier unless a written objection is received by Continental within two (2) working days after receipt by the Supplier. In case of objection, Supplier shall provide Continental a detailed recovery or action plan within five (5) working days after receipt of the delivery schedule or gross demand information. In case Supplier does not receive updated delivery schedules or gross demand information within the defined cycles, or updated delivery schedules or gross demand information are implausible, the Supplier has to inform Continental without undue delay. Both Parties mutually agree on the further proceeding.

8. Material Management Operations Guideline/ Logistics Evaluation (MMOG/LE)/ Allocation Management

The Supplier agrees to cooperate with Continental in all risk management actions.

The Supplier shall provide the Supply Chain Self-Assessment Standard of the Automotive Associations, Global MMOG/LE to Continental.

If a material shortage is foreseeable, and might affect the supply of Continental, Supplier is expected to both, initiate countermeasures without undue delay and to give prior written notice to the respective Purchasing and Supply Chain Departments of Continental. In case more than one Continental location is concerned, the Supplier is obliged to install a worldwide manager who will coordinate the distribution of available amounts of the Contract Products with the respective manager at Continental. The Supplier is obliged to maintain an allocation-tool in order to support an efficient allocation process. The Supplier undertakes all efforts to resolve the shortage situation as soon as possible.

In case of emergency delivery, the Supplier has to provide all details of the transport to ensure full transparency (e.g. mobile phone number of driver, estimated time of arrival).

9. Supplier Capacity Update (“SCU”)

The SCU is a process in which business partners consult each other with the aim to detect and avoid supply chain problems at an early stage. This process is conducted in addition to general processes (e.g. YPSA) for selected suppliers.

The Supplier agrees to cooperate with Continental on a SCU program. On SCU, the Supplier has to confirm the supply of the monthly submitted demand data per part number and per Continental location upon Continental’s request.

10. Transportation / Transport Order Management System (“TOMS”)

For all shipments, the Supplier shall comply with any and all national and international rules, laws, regulations and requirements and hand over the shipments to the nominated forwarder for the trade lane and transport mode according to the respective delivery term agreed upon in the purchasing contracts.

In general, Continental requests the Supplier to deliver according to following preferred delivery terms:

- DDP (INCOTERMS 2010)
- DAP (INCOTERMS 2010)
- CA-DAP (CA Trade Term, TST N09800.02-001)
- CA-DDP (CA Trade Term, TST N09800.02-001)

In order to meet the requested arrival date, the Supplier shall calculate the date of the planned pick-up of the Contract Products considering the transit time.

In case the forwarder is contracted by Continental, the Supplier shall notify the forwarder that products are ready for dispatch by TOMS via SupplyOn platform with all relevant transport information, not later than one day before the real pick-up. The time window for the pick-up shall be agreed between the Supplier and the forwarder. If TOMS is not implemented, the way of notification should be mutually agreed between the Supplier and the selected / defined forwarder. TOMS is not required for the delivery terms DDP and DAP.

The Supplier shall ensure the correctness and completeness of all shipping documents according to national / international legal standards, customs requirements and required information of Continental. The data on the shipping documents shall match the data sent via EDI (e.g. ASN) and the 24 (twenty-four) hours advance customs notification.

The Supplier shall attach the full set of transportation documents (e.g. shipping order, picking list, bill of lading, first invoice) and quantity of copies defined by the dedicated forwarder to the respective shipment.

11. Labeling of Contracted Products

The Supplier agrees to label all packaging units in accordance with Continental's standards (TST N09800.03-000). Label position is defined specifically on Continental production location level.

If not agreed otherwise, the Supplier shall apply the following 2D label types according to the request of the receiving Continental location

- MAT-Label
- PDF417-Label

Only in exceptional cases upon express request by the respective Continental location following 1D-label type is accepted:

- Automotive standard label according to e.g. VDA-, GALIA-, AIAG-, ODETTE standards

Upon request, the delivery note has to contain a 2D-Code described in the respective specifications.

Any deviations shall be agreed mutually between the Supplier and the ordering Continental location.

12. Packaging Requirements

In preparation of the Supplier Component Review (“SCR”) or in case no SCR takes place before start of delivery, the Supplier shall agree with each ordering Continental location a Packaging Specification Data

……/……..
Initials CA Initials Supplier

Sheet [TST N09801.01-000]. The Supplier agrees to deliver the Contract Products according to the agreed packaging specification and applicable national/international legal regulations. Any deviation needs a written confirmation from the concerned Continental location.

All Contract Products are to be prepared, packed and marked suitable for shipment to secure safe delivery, to avoid deterioration, to ensure delivery free of defects upon arrival and to meet all safety, environmental and legal requirements.

The approval of the packaging by Continental does not relieve the Supplier from its responsibility to supply the Contract Products in agreed quality.

In order to avoid supply issues because of missing returnable packing, an alternative packaging shall be agreed within the Packaging Specification Data Sheet between the Supplier and each ordering Continental location. In case of missing returnable packaging and after written confirmation from the Continental ordering location the Supplier can deliver according to the agreed alternative packaging.

13. Export Control

The Supplier shall comply with any and all applicable export control laws and regulations applicable to the Contract Product, including without limitation, sanctions, embargoes and other laws, regulations, government orders and policies controlling the transmission or shipment of goods and technology, including the Contract Product. For compliance with EU, national, and U.S. export control regulations and laws, the Supplier is responsible to provide Continental with all necessary data (e.g. the Export Control List Number “AL” number based on German/EU laws, and the Export Control Classification Number "ECCN" according to US regulations on each invoice) for the relevant goods (hardware, software, technology, equipment). If this should not be possible, the Supplier must provide Continental with the technical information necessary for the classification of the individual goods in accordance with the control lists. Such information might include technical parameters, functional descriptions, material composition, parts lists, specifications, diagrams, and advertising brochures. If components of U.S. origin are essential in the Contract Product, the Supplier has to inform Continental and provide in writing the information/ data as per Continental request.

In case of any alterations to origin and/or characteristics of the licensed software and services and/or to the applicable foreign trade regulations the Supplier shall update the export control and foreign trade data as early as possible, but not later than four (4) weeks prior to the delivery date. The Supplier shall be liable for any expenses and/or damage incurred by Continental due to the lack of or inaccuracy of said export control data.

14. Customs / Foreign Trade / Origin of Goods

The Supplier shall at all times comply with all laws, rules, regulations, free trade arrangements of the country(ies) of origin and destination. The Supplier shall be responsible according to Incoterms or CA- Trade Terms for all customs or other governmental requirements with regard to entry requirements, classification, valuation, preferential treatment, duty drawback. Furthermore, the Supplier shall be obligated to provide Continental timely notice of any noncompliance related to customs, foreign trade, transportation and packaging. The Supplier shall cooperate with Continental and take all actions necessary, in Continental's sole discretion, to remedy any such noncompliance.

The Supplier must notify Continental about the non-preferential and preferential origin of the goods by providing applicable certificates of origin and preference documents. The certificates and documents must be provided in time and in written form in accordance with customs regulations and applicable free trade

agreements. The Supplier shall notify Continental immediately in case of any changes in the non-preferential or preferential origin.

The Supplier commits to fulfill the international and national regulations, forms and requirements according to supply chain security programs as AEO (Authorized Economic Operator) and C-TPAT (Customs Trade Partnership Against Terrorism).

15. Compliance

By signature of this GSCC, the Supplier confirms to comply with the Business Partner Code of Conduct of Continental. The document can be provided to the Supplier by Continental upon request.

16. Miscellaneous

16.1 Severability Clause

If provisions of this GSCC are, or should become entirely or partially invalid or unenforceable, this shall not affect the validity of the remaining provisions. The foregoing shall also apply if the GSCC contains any regulatory gap. Instead of the invalid or unfeasible provision, or in order to close the gap, a ruling shall be used, which, in so far as it is legally permissible, as closely as possible reflects the intentions of the Parties concluding the GSCC or, considering the meaning and purpose of the GSCC, the potential intentions of the Parties had they considered the point at the time of concluding the GSCC.

16.2 Written Form

No modification to, amendment of, or waiver of any provision of this GSCC will be binding, unless made in writing. For avoidance of doubt, communication in e-mails shall not qualify as written notice, however, the transmission of signed and scanned documents via e-mail shall qualify as written notice.

16.3 Governing Law

This GSCC shall be governed, construed and enforced in accordance with the laws of Germany. The United Nations Convention on Contracts for the International Sale of Goods of April 11, 1980 as well as German law rules on standard contract terms shall be excluded.

16.4 Place of jurisdiction

The exclusive place of jurisdiction for all disputes arising out of or in connection with the GSCC or any related agreement shall be Frankfurt/Main, Germany. Supplier agrees that it will continue to perform its obligations under this GSCC during any dispute between the Parties.

17. Term

The GSCC shall become effective upon signature by Continental and the Supplier. The GSCC shall replace all former agreements (such as Logistic Requirements and GSA) between the Supplier and Continental in regard to general logistic-related topics that do **not** have in scope special issues like the establishment of a consignment stock (CMI/VMI agreements).

The GSCC shall remain in effect until either

a) expressly terminated by either party upon serving the other party a six (6) month's written notice to the end of the calendar year or

……/……..
Initials CA Initials Supplier

b) by conclusion of a new general logistic agreement between the Supplier and Continental which expressly replaces the GSCC.

18. Global Supply Chain Concept Description

The Supplier confirms that he has read and understood the Global Supply Chain Concept Description (Section II).

[Place, Date]:	[Place, Date]:
[CONTINENTAL Automotive GmbH]	[Supplier]
_____	_____
[name] [function]	[name] [function]
[Place, Date]:	[Place, Date]:
[CONTINENTAL Automotive GmbH]	[Supplier]
_____	_____
[name] [function]	[name] [function]

Section II:

Global Supply Chain Concept Description

Content

Chapter 1: Introduction

1.1 Structure

This **Global Supply Chain Concept Description** consists of different sections describing supply chain processes that apply generally worldwide.

In order to respond to specific supply processes of particular Continental plants or regions, this description can be supplemented by region- or plant specific annexes concerning EDI, Packaging, Customs/ Foreign Trade, Export Control and Dispatch/ Transportation.

1.2 Scope

This **Global Supply Chain Concept Description** applies to all Suppliers of Continental supplying approved raw material and production material. This description focuses on supply chain processes during series production; out-of scope are supply chain processes during prototyping, pilot build or during initial samples built-up, subcontracting and supply chain processes for product termination. If not regulated in Individual Quality and Purchasing Agreements these processes are handled on a case-by-case basis.

For purpose of this description, Continental refers to the Continental Automotive Group of Continental AG. The Continental Automotive Group comprises all business units of the Chassis & Safety, Interior, and Powertrain division.

1.3 Scope for Suppliers

The **Global Supply Chain Concept Description** and its incorporated 'Continental Technical Standards' (TST) contain a complete list of all possible supply chain processes and standards with a global perspective during series production. This does not mean that all of the described supply chain processes or requirements are applicable to the specific business partnership by and between Supplier and Continental.

Chapter 2: Information and Communication

2.1 Contacts, Availability, and Obligation to provide Information

2.1.1 Supplier Contacts

The basis for successful cooperation between business partners is communication. Information sharing, which is automated to the greatest extent possible, is as important as having the designated key contacts available when needed.

This allows Continental to address quickly any problems to the responsible contact whenever necessary.

Continental decided to use the **SupplyOn Business Directory** as a sustainable data source for key contacts to our suppliers to provide and request group oriented information.

- Following key contacts for Supply Chain need maintained and hold up-to-date:Account Manager for Continental
- Director Logistics
- Customer Service (incl. 24/7 Hotline Phone Number)
- EDI Responsible
- Supplier Capacity Update Responsible

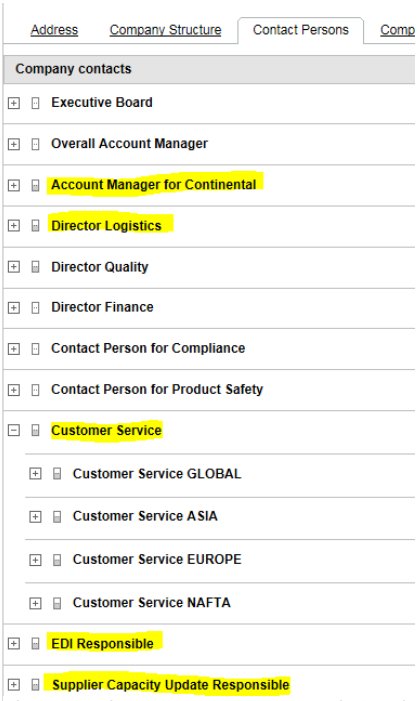


Figure 1: Maintenance Contact Persons in SupplyOn

2.1.2 Continental Supply Chain Management Contacts

Within Continental, there are different SCM contacts for various topics. In day-to-day operations, the contact for Supplier is a respective SCM contact at the ordering Continental location. This includes e.g. topics related to material management, EDI implementation, material shortages only affecting one Continental plant etc. However, Continental BU SCM or Continental A SCM handle strategic topics on a global level (e.g. allocation affecting more than one plant, participation in SCR meeting etc.).

2.2 Exchange of Data and Business Communication

Harmonization of its IT-Systems is Continental's long-term strategy. This includes the migration of as many Suppliers as possible to a data exchange via EDI together with covering the full set of standard business communication with Supplier by EDI (Delivery Schedule, Shipping Notification, Self-Billing Invoice etc.). For this reason, this section describes the general EDI processes and the process of setting up an EDI communication with Continental.

2.2.1 EDI with Continental Automotive

EDI replicates paper-based business communication (e.g. Delivery Schedule, Advanced Shipping Notification, or Invoices) to a strictly formatted message that is exchanged electronically between the IT-Systems of Continental and Supplier. The exchanged data and information is formatted according to predefined standards.

The implementation of EDI does benefit both Supplier and Continental: because it reduces manual handling of data, transfers information faster, enhances data accuracy, and automates routine transactions.

However, it is not possible to process EDI messages directly between IT-Systems. Continental's ERP-System sends EDI messages in SAP IDoc format to an EDI subsystem where these messages are converted to a universal EDI standard (e.g. UN/EDIFACT). The EDI subsystem administrates all outgoing and incoming messages, provides a gateway to external partners, and enables communication with non SAP-Systems. Supplier’s IT-System can be connected to the IT-Systems of Continental via protocols (e.g. TCP, or EDI special protocols like OFTP, OFTP2, AS2, and VAN) or via private networks (e.g. GXS). A specific syntax is necessary so that incoming or outgoing data is processed correctly.

IT-Systems and message standards are customized to Continental's locations requirements. This leads to a variety of different EDI standards and message formats that are currently used at Continental. However, Continental's long-term strategy is to harmonize existing EDI connections with Suppliers. Therefore, Continental developed company specific formats for each message type with its syntax (data element, segment and EDI envelope) based on one global EDI standard (EDIFACT or VDA). New EDI connections will be set-up according to this standard, and existing EDI connections are migrated towards one global EDI standard according to the messages type. In justified cases and if the Continental production location agrees, alternatively the following standards are possible: VDA (for mechanic Suppliers in Germany), ANSI X12 (for North American Suppliers), ANFAVEA (RND) (Brazilian Standard) or WEB EDI via SupplyOn.

Because of the restrictions of VDA (3-digit-plant-code, 9-digit supplier, etc) there can arise inconsistencies. The Supplier has to be able to deal with this restrictions of VDA-format, it is not in the responsibility of Continental.

Upon discretion of Continental and in justified cases communication may be provided in writing via Mail or Fax. In this case, Strategic Suppliers to Continental expect a reduction of scoring in the yearly supplier evaluation - see further details in ‘CHAPTER 7: SCM EVALUATION PROCESSES’.

Continental uses EDI in different business processes for e.g. Delivery Schedules, Inventory Reports, Delivery and Transport Data, Invoices and Electronic Transport Order. In the event any other message type needs to be implemented, the individual message type must be reviewed individually between the Parties case-by-case.

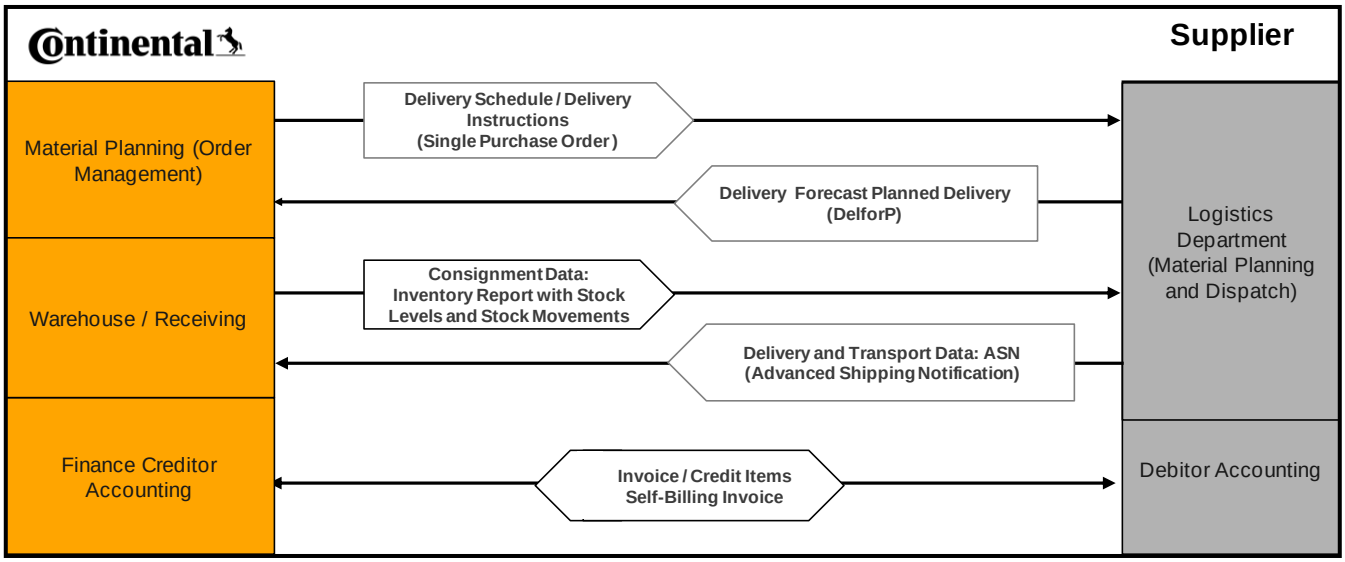


Figure 2 - Possible EDI transmissions between Continental and Supplier

2.2.2 Setting up a EDI connection with Supplier

The implementation of each EDI connection has to be coordinated with the responsible EDI department of each Continental location. Usually the ordering Continental location contacts the Supplier and initiates the EDI implementation. However, Suppliers can initiate the implementation as well by contacting Continental plant SCM by themselves.

Both Parties agree on a timeline for the migration of the standard business communication to EDI and clarify first technical settings (EDI parameters and EDI format). Continental prefers certain standards for specific messages. The Supplier checks whether the implementation of EDI according to the specifications of Continental is feasible. If Supplier is not able to implement EDI, WEB EDI (via SupplyOn) is accepted as alternative process. For details on the implementation process, please refer to section '2.4.2 WEBEDI VIA SUPPLYON'.

In the course of the implementation, Supplier will receive further technical details on the EDI settings and location specific regulations. Technical details for the message types (SSC logic, data element, segment, and EDI envelope) will be provided during the set-up of the connection and are to be reviewed and tested with the respective Continental location, Continental EDI department, and Supplier case by case before the set-up. In case of any discrepancies in designation of the information used within this communication, both Parties review the discrepancies and cooperate in good faith to solve the issue.

In case testing is necessary, Continental uses test IT-Systems and not the productive IT-Systems in order to avoid impacts on manufacturing processes.

Supplier should adjust system-settings in its IT-System for data processing in order to guarantee complete compatibility with the message format of Continental and to ensure that the messages are processed correctly in its IT-System. Accuracy is imperative in order to maintain the integrity of data exchanged. When failure-free transmission is ensured, the data will be transmitted only by EDI.

Continental assumes that Supplier has in place the necessary communication hardware or software to support EDI (e.g. Internet connection, hardware, software. All necessary modifications or amendments to Supplier's hardware or software are solely the responsibility of the Supplier. And each Party bears the costs arising out of the establishment, maintenance, and use of its used software, hardware including any fees relating to the use.

2.2.3 Monitoring and EDI Processing

Once the connection is set and implemented, Supplier assures the consistency of the IT-System throughout all its processes. Both Parties monitor the information flow in their IT-Systems on a regular basis in order to ensure an accurate communication and complete data transfer. Note that Continental considers EDI to be received by Supplier when the data transmission (EDI or WEB EDI) has been sent successfully from Continental's ERP-System.

Therefore, both Parties check if the received message(s) are complete, correct, and plausible. If any deviations are noted, the respective Party must inform the responsible Continental or Supplier contact without undue delay.

Delivery Schedules and Inventory Reports are released regularly (daily/ weekly/ bi-weekly) on a rolling basis. A new Delivery Schedule or Inventory Report updates the previous one. This means the next release of the message(s) replaces completely the preceding ones. The last received message is decisive.

2.3 EDI Supported Business Communication and Message Types

According to the Preferred Sourcing Model and EDI format Supplier and Continental exchange certain messages. However, detailed content of the message (e.g. data structure, format), mode, or frequency of transmission may vary from one Continental location to another depending on the agreed (Preferred) Sourcing Model, the Contract Product and systems settings at each ordering Continental location. Therefore, this manual covers what kind of information is Continental capable to communicate in messages rather than describe details of the EDI format and used structure.

Supplier and Continental exchange currently the following message types:

2.3.1 Delivery Schedule

In general, a Delivery Schedule is a communication sent from Continental who is planning to use or consume products of a Supplier which has to plan for the supply of the Contract Products. The message gives the requirements regarding details for short terms deliveries and/or medium to long term scheduling. For details and content on Delivery Schedule please refer to 'CHAPTER 4: ORDER MANAGEMENT AND PLANNING'. The Delivery Schedule message is sent by EDI and the current Continental company standard format is a GLOBAL DELFOR based on EDIFACT standard (e.g. EDIFACT D.04A). The message might also be referred to as DELINS (Scheduling Agreement Lines) or DELFOR01 (Forecast Delivery Schedule).

2.3.2 JIT Schedule

In addition to Delivery Schedule, the Just-in-Time (JIT) Schedule can be also sent to the supplier to reflect the short term requirements (2 weeks) on a daily basis. The JIT Schedule message is sent by EDI and the current Continental company standard format is a GLOBAL DELFOR based on EDIFACT standard (e.g. DELJIT). This message supports the JIT process.

2.3.3 Inventory Report

An Inventory Report provides information related to consignment stock levels and stock movements. Continental provides this kind of information for consignment processes only. Supplier requires this information in order to plan resupply and to be well informed about stock levels in the consignment warehouse and movements in the consignment inventory. With an Inventory Report Continental informs Supplier about the quantity withdrawn from consignment stock and for which the invoicing process is started (Self-Billing).

The current Continental company standard format is based on EDIFACT INVRPT 97A and EDIFACT INVRPT 99B.

The INVRPT includes a unique consumption reference number for each single withdrawal out of consignment and other special qualifiers to provide information about consignment stock levels, goods receipt and goods issue message indicating the transfer of ownership to Continental or any corrections thereof.

	Stock	Buyer	Consignment
Total available	1 502	620	882
Free	1 482	616	866
Quality	20	4	16
Quality blocked	9	1	8

Figure 3 – Information of stock levels available to Supplier in the event Supplier fully implements Inventory Report Data for VMI.

If Supplier agrees, Continental can include in separate Inventory Report messages stock levels of free, quality and quality blocked levels of consignment stock, Continental stock and a total thereof - provided Supplier's IT-System can technically process this information.

2.3.4 Self-Billing Invoices (SBI)

The purpose of this message is to automate the invoicing process. Currently the preferred Continental standard format is EDIFACT INVOIC 96A or INVOIC 97A.

Note that Self-billing invoices are subject to applicable law and be handled in accordance with applicable accounting regulations in the countries of the business partners.

2.3.5 ASN - Advanced Shipping Notification -, 'Global ASN' and Delivery and Transport Data

ASN (Advanced Shipping Notification) is a notification of pending deliveries (in transit deliveries), similar to a delivery note or packing slip. Supplier sends the ASN via EDI or other means at the time a delivery is shipped. At Continental the ASN is known as a 'Global ASN' and is based on EDIFACT standard - version DESADV 07A. However, alternatively VDA and ANSI standards or ASN input via SupplyOn are accepted as well.

The goal of the ASN is to provide Continental with information about the delivery well in advance of the actual receipt date. It helps to optimize production planning as well as goods receipt processes.

The Continental Global ASN message electronically mirrors the delivery note and enables Supplier (the sender of an ASN) to describe in detail the contents of a shipment. This includes by way of example the contents of a shipment, order information, product description, physical characteristics of the goods, or type of packaging.

The 'Global ASN' supports the following processes:

- **Transparency and data visibility in the supply chain**: Upon receipt of the ASN, the information is processed within Continental's ERP-System and with this Continental is informed well in advance of a delivery and of any difference (date and quantity) between the scheduled to the actual delivery.
- **Goods receipt process**: various Continental locations use the 'Global ASN' for a simplified goods receipt process. Continental's ERP-Systems process all ASN data sent by Suppliers and create 'inbound deliveries'. When the shipment arrives, the goods receipt posting can be processed quickly as all necessary information is available in Continental's ERP-Systems: the delivery note is scanned, or manually entered into the ERP-System, and booked against the 'inbound delivery'.
- **TOMS (Transport Order Management System**): the goal of TOMS is to support the optimization of truckloads. Specific additional requirements (e.g. packaging data) for the ASN message are agreed during the implementation. Note that both, EDI ASNs as well as SupplyOn ASNs are possible for TOMS. However, the SupplyOn ASN profile 4.0 is TOMS standard and precondition. For TOMS the ASN is required.
- **Supply Chain Monitor (SC Monitor):** the SC Monitor is a web-based monitoring system of the current supply situation. An ASN is required in addition to a DELFORP message to provide transparency of the current supply situation. (For further information on the DELFORP message please refer to section '2.3.5 DELIVERY FORECAST PLANNED DELIVERY (DELFORP)'). Within the SC Monitor, all deliveries for which Continental receives an ASN are displayed as in-transit quantities, and are taken into account for the determination of the material coverage. Without the in-transit quantities, it is not feasible to predict how the supply situation will develop in the upcoming weeks and this will lead to unnecessary alerts.

In case Continental requires the Suppliers to take part in the TOMS and/or SC Monitor project, an ASN messages becomes mandatory and Supplier needs to send an ASN. The same applies if a Continental location requires an ASN transmission for the receiving process.

Suppliers generate the ASN at the time the shipment departs from Supplier's premises and transfers the data to Continental's IT-System as a 'Global ASN' message (1) either via classic EDI (EDIFACT, VDA, ANSI, ANFAVEA), (2) via csv upload in SupplyOn, or (3) via manual input in SupplyOn. In case Supplier sends the ASN via SupplyOn, Supplier has to take into account that the SupplyOn ASN profile is prescribed by Continental locations.

The ASN data are automatically imported into Continental´s ERP-Systems where data is processed according to the requirements of each Continental location. The Supplier has to ensure the usage of single line items when posting the ASN, as multiple line items cannot be processed in most of the Continental plants. Single line item means that one ASN/delivery note number is created for each single part number and not for multiple part numbers. An additional requirement is that the ASN/delivery note number has to be unique. For TOMS, especially for all deliveries Continental pays for, pre-ASN (day before delivery) is required (electronic pickup advice).

Suppliers who need to test the EDI exchange of ASNs with Continental use Continental's test ERP-Systems and not the productive ERP-Systems in order to avoid an impact on our production planning. In case ASN data interchange is newly implemented, testing is mandatory, and for this it is common practice that Supplier sends a test message to each Continental location first.

For further details regarding the mandatory contents of a 'Global ASN' please refer to our 'DESADV Guideline 07A'. This document is available for download on the worldwide web by entering 'ASN Guideline Continental' and is published on the Continental website:

https://www.continental-automotive.com/en-gl/Passenger-Cars/Company/Supplier-Logistics

2.3.6 Delivery Forecast Planned Delivery (DELFORP) for Supply Chain Monitor (SC Monitor)

The purpose of a DELFORP message is to inform Continental about planned deliveries well in advance. Planned deliveries are designated as 'planned receipts' in the following. This message type is usable only for the SC Monitor.

Other systems within Continental are not able to process planned deliveries.

The SC Monitor is a web-based monitoring system of the current supply situation.

There are three options to provide Continental this information:

- Via classic EDI message (DELFORP), or
- Via csv format: alternatively, suppliers can input the required data in a '*.csv'-file - with e.g. Excel - and upload the data to the SC Monitor via the menu 'Supply Chain Monitor - Upload Planned receipts'. The '*.csv' upload format is available via SupplyOn Customer Support.

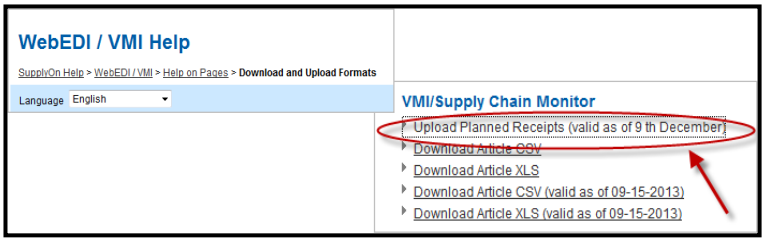


Figure 4 - Input of DelforP via '.csv' upload and SC Monitor*

- Via the SC Monitor application: suppliers create manually planned receipts (deliveries) in the 'inventory projection' screen of the SC Monitor using the menu 'inventory projection'. The system offers both to simulate (with manually entered data) and to generate (automatically) the planned receipts for a specific Contract Product (see screenshot, figure 5).

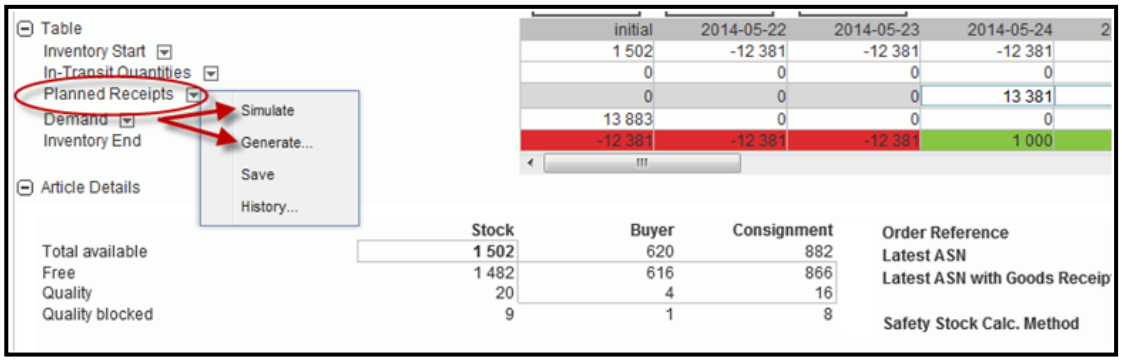


Figure 5 – Screenshot of SC Monitor Inventory Projection Screen

2.4 SupplyOn

SupplyOn is a web-based platform for cross-company communications for companies within the automotive and manufacturing industry. Strategic Suppliers for Continental confirm in Individual Agreements (GQA, Pricing Agreement etc.) to be registered to SupplyOn and to use certain services. SCM requires its Suppliers to use the SupplyOn Performance Monitor and if applicable WEB EDI, SC Monitor, TOMS, and Document Manager.

2.4.1 Access

All services provided in SupplyOn are available for registered Suppliers only. Continental will contact Strategic Suppliers to Continental, which are not yet registered to SupplyOn. Both Parties agree on the registration. After this Supplier receives further instructions thru the respective Continental purchasing department to initiate the registration and SupplyOn will contact Supplier to conclude a contract.

Note that SupplyOn charges both Parties a monthly fee for the usage of each service. Details concerning the monthly fee for Suppliers are agreed by and between Supplier and SupplyOn.

Trainings for SupplyOn services are not in the responsibility of Continental; Supplier should contact SupplyOn Customer Service for further information.

2.4.2 WEB EDI via SupplyOn

If the Supplier, for various reasons (i.e. in case the necessary technical infrastructure is not available), is not able to implement EDI, WEB EDI (via SupplyOn) is accepted as alternative process. Usually Suppliers who do not have an EDI interface use SupplyOn WEB EDI.

The difference between EDI and WEB EDI is simply exchanging EDI messages via an internet platform. With the WEB EDI service of SupplyOn, all regular message types can be exchanged, however messages profiles are prescribed and can vary between Continental locations. Supplier can view, print, or download these EDI messages transmitted to the SupplyOn platform by Continental via a web-based frontend application.

Supplier understands that registration at SupplyOn and a contractual agreement with SupplyOn for this WEB EDI service is a precondition for the usage, even though the supplier might already have signed up for certain SupplyOn Services (e.g. SupplyOn Performance Monitor).

For the registration of the WEB EDI Service, Supplier contact SupplyOn and both Parties conclude a contract in good faith. After this, the necessary adjustments of SCM processes and changes in system-settings by and between Continental and Supplier are

then initiated, implemented, and tested. Each single routing between Continental location and Supplier has to be done separately in Continental's IT-System and Supplier will be contacted by the individual Continental location.

Supplier receives further details for the registration process either by the ordering Continental location or via SupplyOn Customer Service. SupplyOn provides training for WEB EDI separately. This is not in the responsibility of Continental.

Chapter 3: Preferred Sourcing Models (PSM)

Continental strives for lean SCM processes. This means reduced complexity, response times, and optimization of inventory. Preferably, Continental combines this with consignment or just-in-time processes. Continental designates these inbound strategies as 'Preferred Sourcing Model' or short 'PSM'.

The ‘Preferred Sourcing Model’ defines the SCM concept including the format, content, and type of EDI message, stocking location, ownership, delivery frequency and the responsibility for inventory management.

Following Preferred Sourcing Model are possible:

- Customer Managed Inventory (CMI) Consignment,
- Vendor Managed Inventory (VMI) Consignment, or
- Just in Time (JIT).

The Preferred Sourcing Model is chosen by each Continental location in mutual agreement with the supplier.

For reference and for better understanding enclosed section describes the main characteristics of Preferred Sourcing Models.

3.1 CMI - Customer Managed Inventory Consignment Warehouse

CMI is a consignment process in which Continental as the customer to Supplier manages the material planning in terms of restocking and the Supplier resupplies the Contract Products as indicated in a Delivery Schedule to a location close to or at Continental premises.

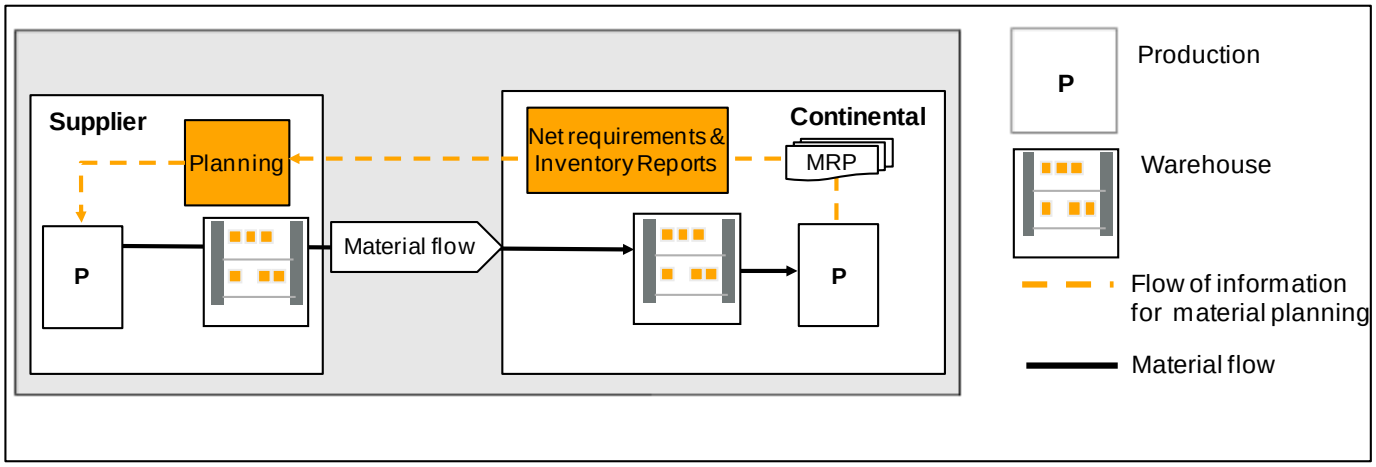


Figure 6 - Basic principle of CMI consignment warehouse

Continental is entitled to draw the Contract Products from the warehouse in the ordinary course of business. When Continental draws Contract Products from the warehouse, a contract of sale is concluded based on the presently effective prices and according to the conditions agreed. As a part of the consignment process, Supplier agrees that title to and ownership in the Contract Product together with risk of loss for the Contract Product shall pass to Continental only upon withdrawal of Contract Product from the consignment storage location. Continental withdraws the Contract Product as needed according to production demand. Nonetheless, the Supplier delivers the Contract Product in accordance to Continental requirements.

In addition to Delivery Schedules, the Supplier will receive further information about consignment stock level and movements in the consignment inventory. Details on processing of Delivery Schedules or Order Management are described in ‘CHAPTER 4: ORDER MANAGEMENT AND PLANNING’.

The implementation of CMI has benefits for both Supplier and Continental. Supplier will receive via EDI messages of Delivery Schedules and Inventory Reports (including consignment stock level and movements). Note that quantities in the Delivery Schedules are in the case of CMI ‘net requirements’. Net requirements are lot-sized and offset with planning logics as a result of applying gross requirements against current stock level, scheduled receipts, and safety stock (netting of gross requirements).

Suppliers can use this information and the consignment inventory to optimize its supply chain processes and provide the necessary flexibility within the lead-time. With this Supplier has more flexibility in arranging shipments, this is in case of CMI an extended window for early or late delivery for SCM Supplier Evaluation. This is described in detail in 'CHAPTER 7: SUPPLIER EVALUATION PROCESSES'.

Details and further requirements for CMI consignment process are agreed between the Parties in the respective CMI contract and during the implementation of the CMI Inventory.

3.2 VMI - Vendor Managed Inventory Consignment Warehouse

The basic idea of VMI consignment process is to give Suppliers the responsibility for inventory management. Thus, VMI is a consignment process in which the Supplier is free to make his own decision regarding the delivery date, frequency, and quantity as long as Supplier maintains the inventory level required by Continental. Continental defines a minimum and maximum stock level, transmits gross demands in the Delivery Schedule and the inventory levels with the Inventory Report. With this data, Supplier resupplies Continental. In addition, Supplier obtains a notification for the restocked inventory (e.g. POD by the forwarder or at latest with the Inventory Report) when the Contract Product is stored at a designated place, which is normally close to or within a Continental production site.

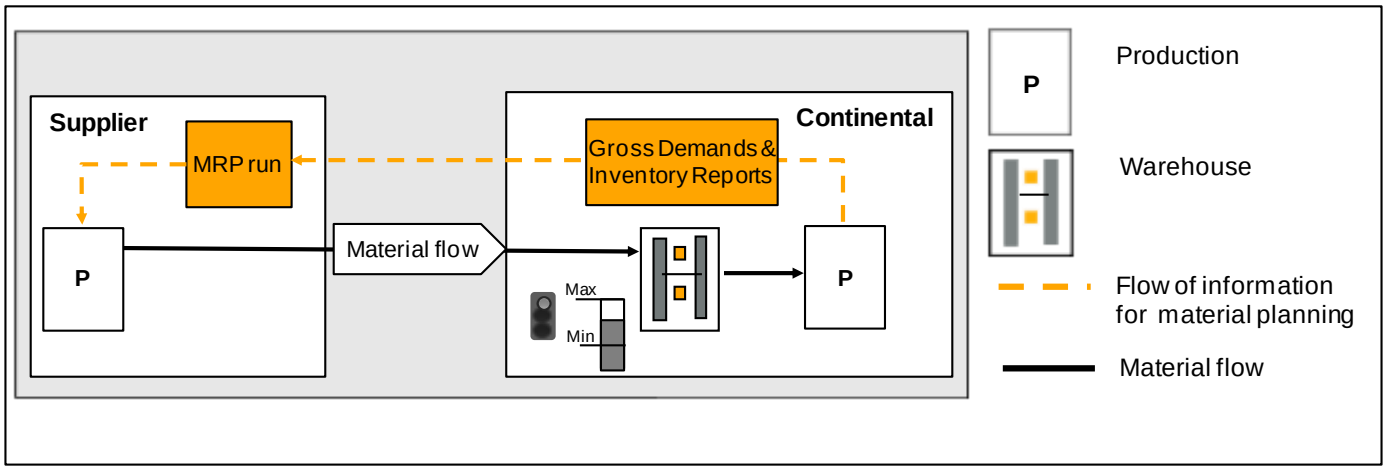


Figure 7 - Basic principle of VMI

As a part of the consignment process, Supplier agrees that title to and ownership in the Contract Product together with risk of loss for the Contract Product shall pass to Continental only upon withdrawal of Contract Product from the consignment stock. Continental is entitled to draw the Contract Products from the warehouse in the ordinary course of business. When Continental draws Contract Products from the warehouse, a contract of sale is concluded based on the presently effective prices and according to the conditions agreed. The Supplier receives a notice of the drawn quantity - usually with the Inventory or Movement Report - and in case of SBI the Supplier is informed about payments to be received according to withdrawn quantities and payment terms.

Continental will provide the Supplier the following information concerning inventory and requirements:

The Supplier will receive via EDI messages of Delivery Schedules and Inventory Information. Note that quantities in the Delivery Schedules are in the case of VMI gross requirements (production requirements). This means that the quantities cited do not consider any stock levels or have undergone any lot sizing and it is the Supplier who manages the inventory and responsible to ensure resupply. In this process, gross requirements do not include any planning times or fences.

In addition to Delivery Schedules Supplier will receive EDI messages called Inventory Reports. The Inventory Reports inform the Suppliers about inventory levels of the consignment stock (free, quality and blocked) and include information about movements in consignment inventory (receipts and pulls). According to this information the Supplier keeps the level/range of inventory within the agreed limits at all times to ensures a stable supply. The Supplier plans resupply according to the actual and to the projected consumption and only ship the quantity of Contract Products into consignment that will maintain the consignment stock below the maximum level and assure on-time shipment so that inventory will not fall below the minimum level.

The min/max-level of inventory is calculated based on projected requirements for a certain minimum and maximum period of time and may be designated as range of coverage (e.g. two weeks for minimum and four weeks for maximum material coverage). Supplier can calculate a reference level by multiplying the averaged daily requirements (based on the forecasted gross requirement in the Delivery Schedule for the next 90 days including delinquencies / backlog) and the agreed minimum and maximum range of coverage in calendar days.

Continental and Supplier will review technical details (e.g. exact data content of the messages and frequency of data) during the set up of the Preferred Sourcing Model and testing of the connection. This is necessary in order to ensure correct processing of information and interpretation.

Before the implementation, the Parties agree on specifics in an individual agreement for Vendor Managed Inventory consignment.

3.3 JIT - Just in Time

JIT means Just in Time. It is a demand driven sourcing model with a limited inventory coverage range of maximum 2.5 days at the Continental location and high frequency deliveries (at least three times per week) relying on pull signals (e.g. Kanban) between different points (e.g. warehouse or production line). No frozen horizon is allowed.

It means synchronization of delivery and production in order to optimize supply chain costs and inventories. The concept of synchronized supply aims to reduce the stocks in the supply chain up to the quantity necessary for the supply of Continental production. A zero-error supply chain process is of the essence for JIT.

The Supplier receives in addition to a Delivery Schedule a call-off from the ordering Continental plant, if required or applicable.

Call-off means schedule lines within a limited period of time as a result of pull process. The call-off replaces information in the Delivery Schedule / Forecast Information for the limited period of time. The call-off is decisive for delivery and takes precedence over the Delivery Schedule and the Suppliers should use the Delivery Schedule to plan its production accordingly. The mode of communication of the call-off (e.g. EDI, WEB EDI, E-Kanban, mail) can vary and is agreed between the Parties during the set-up of the concept.

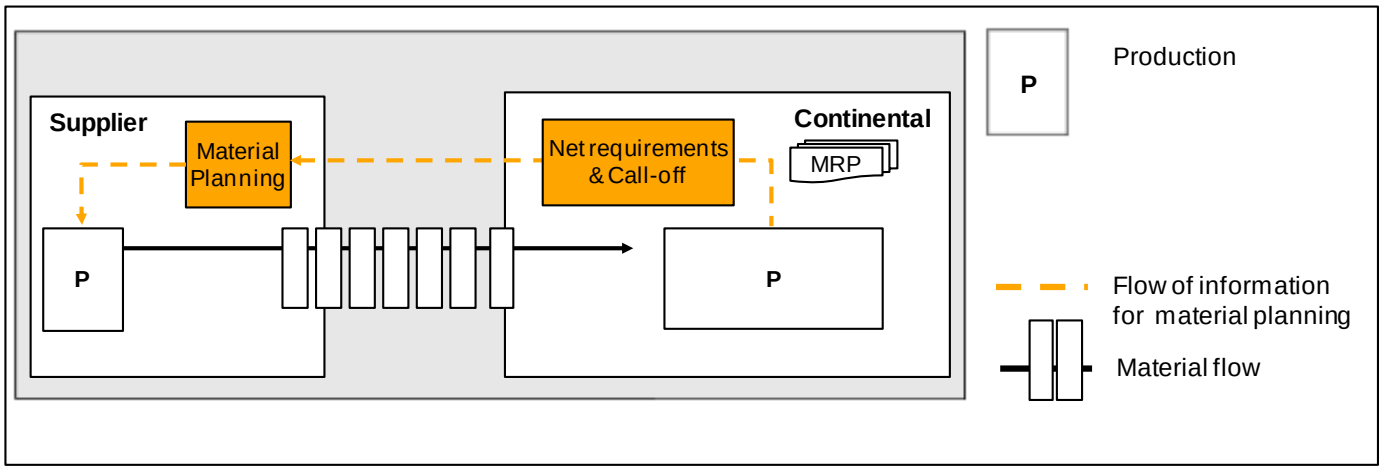


Figure 8 - Basic principle of Just in Time

Chapter 4: Order Management and Planning

It is the Supplier's responsibility to arrange own supply chain processes in order to ensure supply and delivery of Contract Products.

The following section should help Supplier to arrange its planning processes accordingly, as it describes processes and communications (exchange of information) between Continental and Supplier concerning material planning and monitoring deliveries. This includes frequently used designations, techniques, and activities, which Continental expects from Suppliers.

4.1 Material Management and Supply Chain Information Flow

Continental provides Supplier with a long-term demand forecast for continuously ordered Contract Products in volume production that cover at minimum the upcoming 12 (twelve) months. This might be a rolling Delivery Schedule or other forecast information.

Additionally Suppliers might receive a call-off or Inventory Reports according to the Preferred Sourcing Model. Only in exceptional cases, Supplier receives single orders (i.e. for one-time requirements, sample ordering, operating supplies, or for requirements in the aftermarket business). In general these communications are exchanged via EDI (see further information on EDI in 'CHAPTER 2.2 EXCHANGE OF DATA AND BUSINESS COMMUNICATION').

The Supplier uses this information to plan its procurement, production capacity, dispatch, as well as deliveries and thereby ensure its delivery capability.

4.2 Delivery Schedule Processing

Delivery Schedules are generated demand-driven, within Continental's ERP-System, according to the Sourcing Model and sent to Supplier. EDI transmission for Delivery Schedule is preferred (e.g. EDIFACT format). Suppliers will receive a Delivery Schedule for any Contract Product by any ordering Continental location in regular intervals or whenever updated. For each Contract Product there is a separate EDI message. Each Continental location regularly updates the Delivery Schedule on specific weekdays. The ordering Continental location informs Supplier during set-up of the EDI connection about the specific weekday and other technical requirements.

A Delivery Schedule informs Supplier about current and forecasting estimates for Contract Products and contains multiple schedule lines for current demands and for forecasting estimates up to 18 months, together with the required Continental receipt date (date the Contract Product shall arrive at Continental) and quantities of Contract Products at the Continental delivery address (point of consumption). The Delivery Schedule (also known as release) instructs the Supplier to deliver a specified quantity of Contract Products to a particular Continental location by a specified date and time (Continental will order based on minimum packing units). The Supplier uses this information to plan deliveries to Continental locations according to the dates and quantities indicated in the Delivery Schedule.

Dates cited in the Delivery Schedule are to be understood by Supplier as arrival dates at the respective Continental destination. Arrival dates can be cited for a specific day (usually for the first two weeks), calendar week (usually for the first twelve weeks), or months (starting from 12th week onward). Other times than these delivery dates are permitted only if coordinated with Continental.

Delivery Schedules are valid until replaced by the next release of the Delivery Schedule. The next release of a Delivery Schedule for a Contract Product replaces the preceding ones completely. The last received Delivery Schedule is decisive for delivery.

Any supplementary agreements and changes made by word-of-mouth (e.g. by telephone) must be confirmed by both Parties in writing to be binding.

4.3 Delivery Schedule Types

The following provisions explain the general format of a Delivery Schedule message depending on the transmission mode and the used designation. Further information on the data contained in a Delivery Schedule will be provided in form of a guideline (e.g. specification for 'Global ASN' during the set-up of a connection.

The IT-System from the supplier can process the data in order to guarantee complete compatibility with the message format and with Continental's commercial interpretation of designations.

4.3.1 Delivery Schedules – Differences in Sourcing Models

In general, between the different Sourcing Models there is no difference in the EDI message type and within the format (e.g. EDIFACT or VDA), however qualifiers which are typically used may differ. Therefore, during set-up of the Preferred Sourcing Model both Parties will revise current EDI settings, if any.

Supplier understands that quantities cited in Delivery Schedule for VMI are '**gross requirements'** whereas to **'net requirements**' in case of CMI consignment process, JIT or ship-to-stock.

Net requirements for a Contract Product derive of applying gross requirements against current stock level, scheduled receipts, and safety stock (netting of gross requirements). Net requirements are lot-sized and offset with planning logics.

Gross requirements are the total demand before netting of stock, scheduled receipts and have undergone no lot-sizing or other inventory planning logics.

Enclosed table summarizes the main commercial differences associated:

Sourcing Model	Communicated Message Type	Details
Ship-to-Stock	Delivery Schedule	The Delivery Schedule received by Supplier for ship-to-stock parts is binding on Supplier and Supplier has to adhere to the dates (+/-1day) and quantities, rather than being merely interpreted as forecast. For this Continental sets appropriate parameters and planning logics in its ERP-System to plan resupply. Quantities cited in Delivery Schedule and their due dates are based on 'net requirements'. Ship-to-Stock is no Preferred Sourcing Model and can be used only outside of series and volume production.
JIT	Delivery Schedule Call-off	Supplier receives a Delivery Schedule, which Supplier uses merely for planning purpose. Additionally Supplier receives a call-off, which replaces the Delivery Schedule for a limited period of time as agreed mutually and in good faith with the ordering Continental location. The call-off is decisive for delivery and takes precedence. For further details on this 'Preferred Sourcing Model' please refer to section '3.3 JUST IN TIME' of this manual.
CMI	Delivery Schedule Inventory Report	CMI is a consignment process in which Continental as the Customer manages the material planning in terms of restocking and the Supplier has to supply Continental as indicated in the Delivery Schedule. However, as Supplier receives additional information on consignment stock levels and movement reports Supplier has more flexibility in arranging shipments. E.g., Suppliers can deliver ten days early as the Contract Products are stored in the consignment warehouse and will get a 100% evaluation for its delivery capability. Quantities cited in Delivery Schedule and their due dates are based on 'net requirements'. For further details on this 'Preferred Sourcing Model' please refer to section '3.1 CMI – Customer Managed Warehouse Consignment Process'.
VMI	Delivery Schedule Inventory Report	With VMI, the Supplier interprets the Delivery Schedule as merely forecast information and non-binding on Continental. Supplier assumes complete responsibility for resupply for defined Contract Products and receives the Delivery Schedule along with daily or weekly Inventory Reports containing information about the stock level and withdrawals. Based on this information, Supplier has to ensure resupply in accordance with the agreed upper and lower range of coverage in calendar days (these limits are not transmitted in an EDI message). Supplier understands, that current and forecasting estimates in Delivery Schedules are 'production demand', which are also referred to as 'gross requirements'. For further details on this 'Preferred Sourcing Model', please refer to '3.1 VMI – Vendor Managed Warehouse Consignment Process'.

Figure 9– Sourcing Models

4.3.2 Terms associated with Delivery Schedules and Material Planning

The description below together with the example of Delivery Schedule transmission is intended to ensure correct commercial interpretation of the designations used in Delivery Schedules and Material Planning– irrespective of the mode of transmission. In the event of any discrepancies in designation, the Supplier review this with the respective Continental location, provided however Continental's interpretation be final and binding on Supplier.

1 **Purchasing Order Number of Delivery Schedule or Scheduling Agreement Number**: This number must be noted on the delivery note, referred to in an ASN, and the Supplier's other shipping documents.

2 **Consecutive number of Delivery Schedule and transmission date**: shows how many Delivery Schedules for the same Contract Product have been issued to Supplier so far.

3 **Number of previous Delivery Schedule** together with the **date of transmission**: indicates the release of Delivery Schedule, which is now replaced (superseded).

4 **Continental contact information**: this includes information of the material planner of the ordering Continental location. In the event of any deviations in this Delivery Schedule, this is the point of contact.

5 **Delivery address**.

6 **Part Number (Contract Product)** and **description**: The ten-digit number assigned by Continental of the respective Continental ordering location and the assigned description of the part.

7 **Latest delivery received** including **date**, **quantity**, and **delivery note number**. Deliveries (quantities together with arrival date) not yet received and in transit are not included in this figure.

8 **End date for Production Release**: Continental has to purchase (or reimburse) Supplier for finished quantities scheduled before this date in the event of cancellation (see section '5.3 MATERIAL AND PRODUCTION RELEASE').

9 **End date for Material Release**: specific raw material procured by Supplier scheduled before this date are subject to a Material Release. For further information, please refer to '5.3 MATERIAL AND PRODUCTION RELEASE.

10 **Cumulated qty delivered** – may be also designated cumulated receipts; this is the quantity received at Continental since the beginning of a calendar year or other set to zero date.

11 **Arrival date**: the date the quantities are required at the premises of the ordering Continental location. The date can be predetermined days (usually the demand within the first two weeks), calendar weeks (usually the requirements up to 12 weeks), or months (usually from third month onward for merely planning purpose).

12 Quantity scheduled /quantity undelivered – current and forecasted demands.

13 **Cumulated scheduled quantity** starting point of accumulation: quantity of field 10 (cumulated receipts) plus the respective quantities of the individual line items (field 12).

14 **Incoterms:** Commonly used trading terms that comply with the standards established by the International Chamber of Commerce (ICC).

15 **Start date of cumulative Qty. / Reconciliation Date:** Date as of which the cumulative delivered quantity agreed with the vendor is valid.

16 **Quality release date:** Latest date, on which the material for the plant can be ordered from the vendor.

17 **Commitment (Production, Material, Forecast)** Schedule line type as basis of Continental obligation. This is based on the parameters maintained in Item 8 and 9. This can be also changed by Quality release (e.g. New Product Launch, Quality issue) (see section '5.2 PRODUCTION AND MATERAIL RELEASE').

4.3.3 Examples of Delivery Schedule

The following examples and their possible method of transmission give an overview of the content of a Delivery Schedule (layout and terms used). There may be differences in plant-specific Delivery Schedules regarding layout, used fields or in designation. This is only a reference for the Suppliers. The specific content of the message will be explained during the set-up of the communication by and between Supplier and Continental and/or the set-up of the respective 'Preferred Sourcing Model' based to the used communication interface.

- Delivery Schedule (Non-EDI Print)

The Suppliers may receive Delivery Schedules in writing (PDF, xls, Fax) in case EDI is not possible at all or as a fallback solution in the event of any breakdown. The screenshot below is an example of how a Delivery Schedule may be set-up when received as a hard copy (e.g. PDF). Note that the layout and the used terms may vary in designation. This is due to location or regional specific supply chain processes and system settings.

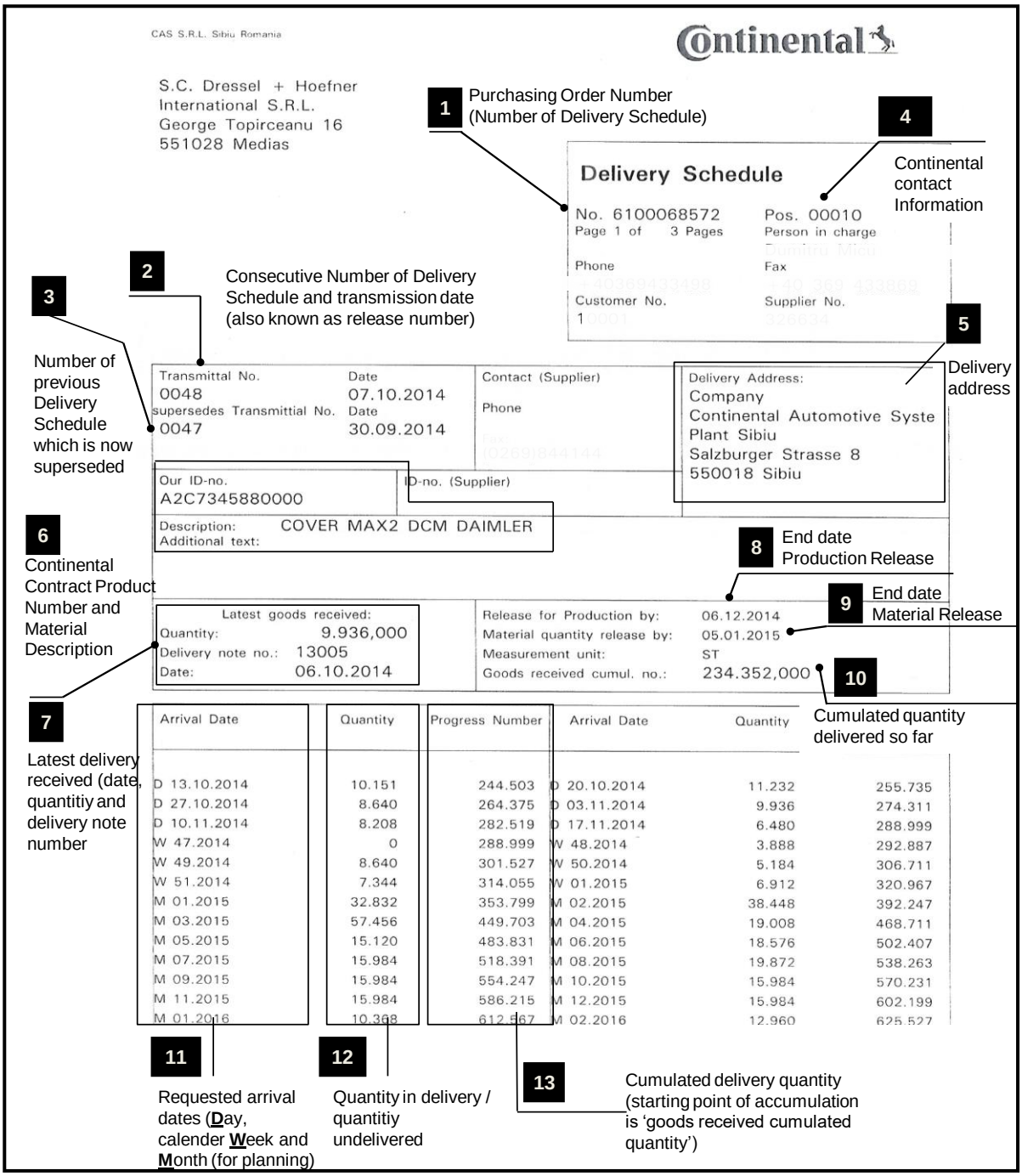
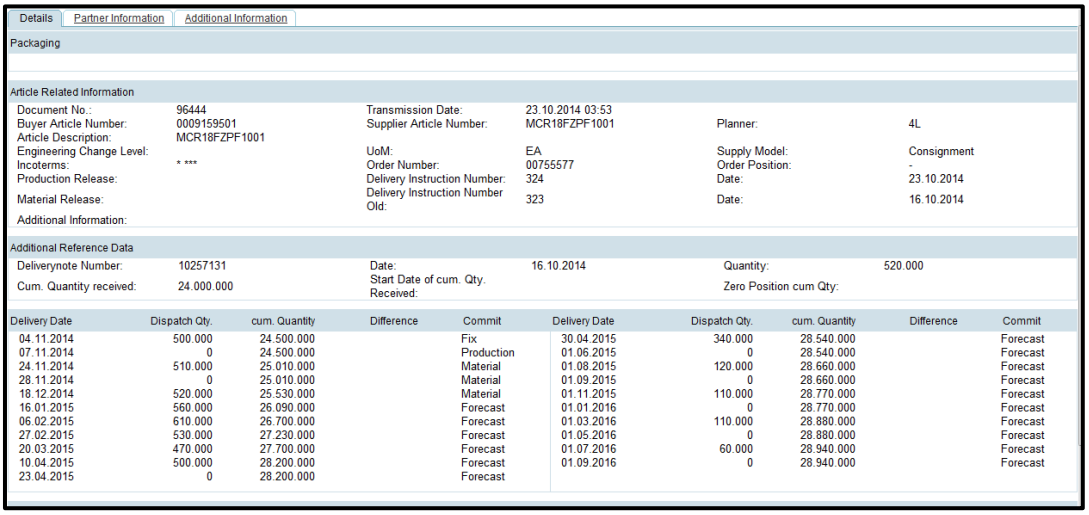


Figure 10 – Example Delivery Schedule

- Delivery Schedule (WEB EDI)

Enclosed figure is a screenshot taken from SupplyOn WEB EDI. Suppliers are using SupplyOn WEB EDI can view Delivery Schedules and also download this information into their systems. Designations are similar to the ones described above however layout may differ. Please refer for an explanation in designations to the Delivery Schedule (Non-EDI Print) and section 4.3.2 TERMS ASSOCIATED WITH DELIVERY SCHEDULE AND MATERIAL PLANNING.



Details | Partner Information | Additional Information

Packaging

Article Related Information

Document No.:	96444	Transmission Date:	23.10.2014 03:53		
Buyer Article Number:	0009159501	Supplier Article Number:	MCR18FZPF1001	Planner:	4L
Article Description:	MCR18FZPF1001				
Engineering Change Level:		UoM:	EA	Supply Model:	Consignment
Incoterms:	* ***	Order Number:	00755577	Order Position:	-
Production Release:		Delivery Instruction Number:	324	Date:	23.10.2014
Material Release:		Delivery Instruction Number Old:	323	Date:	16.10.2014
Additional Information:					

Additional Reference Data

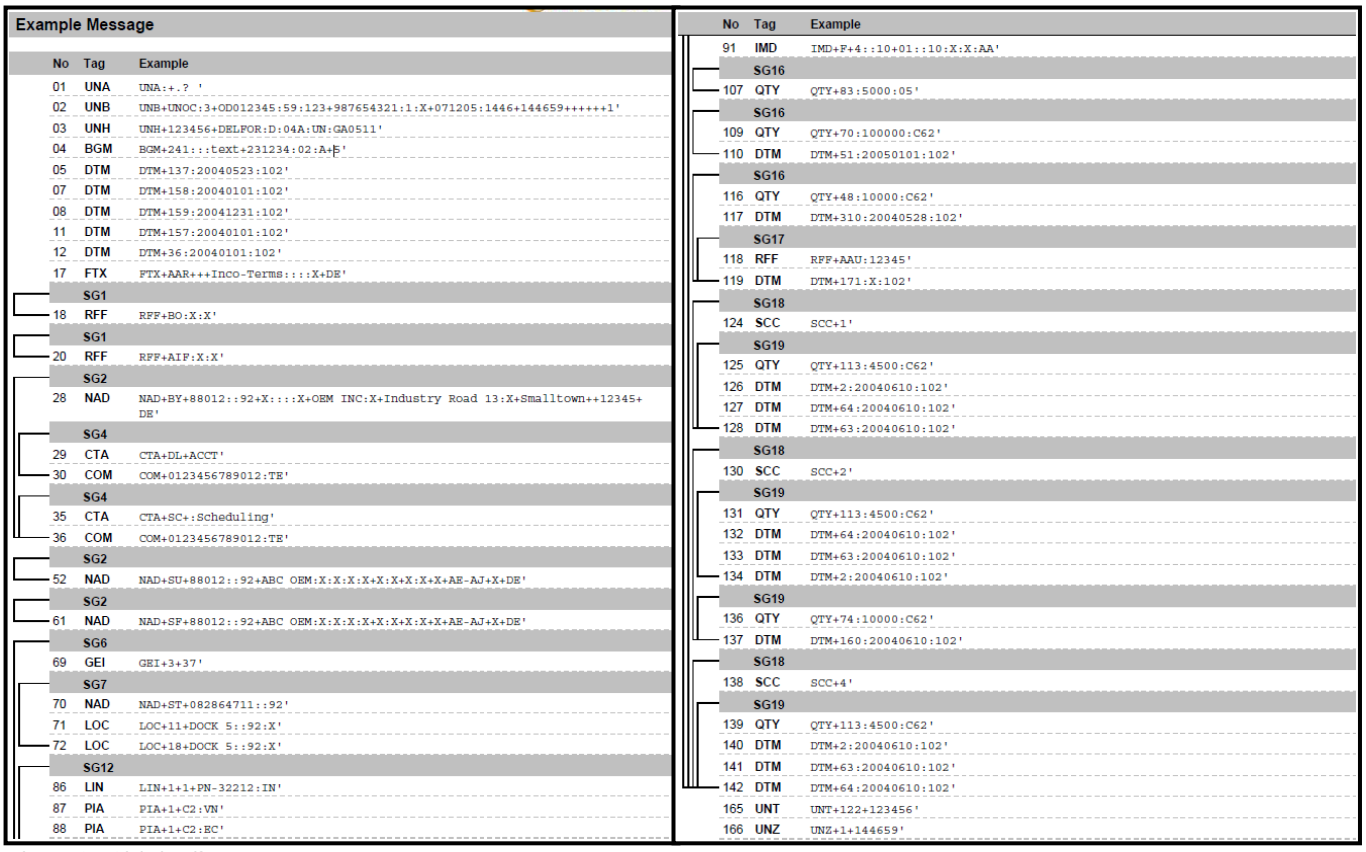
Deliverynote Number:	10257131	Date:	16.10.2014	Quantity:	520.000
Cum. Quantity received:	24.000.000	Start Date of cum. Qty. Received:		Zero Position cum Qty:	

Delivery Date	Dispatch Qty.	cum. Quantity	Difference	Commit	Delivery Date	Dispatch Qty.	cum. Quantity	Difference	Commit
04.11.2014	500.000	24.500.000		Fix	30.04.2015	340.000	28.540.000		Forecast
07.11.2014	0	24.500.000		Production	01.06.2015	0	28.540.000		Forecast
24.11.2014	510.000	25.010.000		Material	01.08.2015	120.000	28.660.000		Forecast
28.11.2014	0	25.010.000		Material	01.09.2015	0	28.660.000		Forecast
18.12.2014	520.000	25.530.000		Material	01.11.2015	110.000	28.770.000		Forecast
16.01.2015	560.000	26.090.000		Forecast	01.01.2016	0	28.770.000		Forecast
06.02.2015	610.000	26.700.000		Forecast	01.03.2016	110.000	28.880.000		Forecast
27.02.2015	530.000	27.230.000		Forecast	01.05.2016	0	28.880.000		Forecast
20.03.2015	470.000	27.700.000		Forecast	01.07.2016	60.000	28.940.000		Forecast
10.04.2015	500.000	28.200.000		Forecast	01.09.2016	0	28.940.000		Forecast
23.04.2015	0	28.200.000		Forecast					

Figure 11 - Example Delivery Schedule WEB EDI

- Delivery Schedule (Example EDI Protocol)

The information is transmitted in segments and designated with special qualifiers depending on the chosen EDI format and standardized structure (e.g. Global Delfor).



Example Message

No	Tag	Example
01	UNA	UNA:+.? '
02	UNB	UNB+UNOC:3+OD012345:59:123+987654321:1:X+071205:1446+144659++++++1'
03	UNH	UNH+123456+DELFOR:D:04A:UN:GA0511'
04	BGM	BGM+241:::text+231234:02:A+5'
05	DTM	DTM+137:20040523:102'
07	DTM	DTM+158:20040101:102'
08	DTM	DTM+159:20041231:102'
11	DTM	DTM+157:20040101:102'
12	DTM	DTM+36:20040101:102'
17	FTX	FTX+AAR+++Inco-Terms:::X+DE'
	SG1	
18	RFF	RFF+BO:X:X'
	SG1	
20	RFF	RFF+AIF:X:X'
	SG2	
28	NAD	NAD+BY+88012::92+X:::X+OEM INC:X+Industry Road 13:X+Smalltown++12345+DE'
	SG4	
29	CTA	CTA+DL+ACCT'
30	COM	COM+0123456789012:TE'
	SG4	
35	CTA	CTA+SC+:Scheduling'
36	COM	COM+0123456789012:TE'
	SG2	
52	NAD	NAD+SU+88012::92+ABC OEM:X:X:X:X+X:X:X:X+AE-AJ+X+DE'
	SG2	
61	NAD	NAD+SF+88012::92+ABC OEM:X:X:X:X+X:X:X:X+AE-AJ+X+DE'
	SG6	
69	GEI	GEI+3+37'
	SG7	
70	NAD	NAD+ST+082864711::92'
71	LOC	LOC+11+DOCK 5::92:X'
72	LOC	LOC+18+DOCK 5::92:X'
	SG12	
86	LIN	LIN+1+1+PN-32212:IN'
87	PIA	PIA+1+C2:VN'
88	PIA	PIA+1+C2:EC'

No	Tag	Example
91	IMD	IMD+F+4:::10+01::10:X:X:AA'
	SG16	
107	QTY	QTY+83:5000:05'
	SG16	
109	QTY	QTY+70:100000:C62'
110	DTM	DTM+51:20050101:102'
	SG16	
116	QTY	QTY+48:10000:C62'
117	DTM	DTM+310:20040528:102'
	SG17	
118	RFF	RFF+AAU:12345'
119	DTM	DTM+171:X:102'
	SG18	
124	SCC	SCC+1'
	SG19	
125	QTY	QTY+113:4500:C62'
126	DTM	DTM+2:20040610:102'
127	DTM	DTM+64:20040610:102'
128	DTM	DTM+63:20040610:102'
	SG18	
130	SCC	SCC+2'
	SG19	
131	QTY	QTY+113:4500:C62'
132	DTM	DTM+64:20040610:102'
133	DTM	DTM+63:20040610:102'
134	DTM	DTM+2:20040610:102'
	SG19	
136	QTY	QTY+74:10000:C62'
137	DTM	DTM+160:20040610:102'
	SG18	
138	SCC	SCC+4'
	SG19	
139	QTY	QTY+113:4500:C62'
140	DTM	DTM+2:20040610:102'
141	DTM	DTM+63:20040610:102'
142	DTM	DTM+64:20040610:102'
165	UNT	UNT+122+123456'
166	UNZ	UNZ+1+144659'

Figure 12 – Global Delfor

4.4 Planning and Monitoring Deliveries by Supplier (Responsibilities)

Continental expects to his Suppliers to deliver Contract Products in such quantities and times as to achieve 100% on time delivery pursuant to the dates and to the place specified in the decisive Delivery Schedule (see chapter '4.4.1 POINT AND TIME OF DELIVERY') if not otherwise agreed in Individual Agreements for Vendor Managed Consignment Inventory. The Supplier observes the continuous monitoring of current and forecasted demands in Delivery Schedules as well as the actual shipped figures.

Usually, Continental does not require Suppliers to confirm Delivery Schedules: the quantities and dates listed in Delivery Schedules are considered confirmed by Supplier unless a written objection is made within a certain period of time.

4.4.1 Point and Time of Delivery

Supplier delivers Contract Products to the delivery address - point of internal consumption at Continental - as instructed in the Delivery Schedule received by Supplier from the ordering Continental production location.

The date in the delivery schedule is the date the Contract Product must arrive at the instructed delivery address - point of internal consumption at Continental - in the Delivery Schedule.

Supplier manages its shipment of Contract Product so that the Contract Product arrives at Continental on the date specified in the Delivery Schedule. Delivery on time at the delivery address is of the essence and the responsibility of the Supplier. In order to meet the arrival date, the Supplier calculates the date of the planned pick-up by the forwarder, considers the transit time, and delivers the Contract Product so that the delivery arrives at Continental location premises on this date.

This applies for all terms of delivery and sourcing models, except for a VMI consignment process. In this case the upper and lower stock levels must be observed.

Thus, Supplier has to take into account any applicable times for transportation, goods preparation etc. to make the deliveries ready for pick up or arrange shipment in time. Supplier is responsible to monitor on time pick up or dispatch. For consignment processes, special processes are agreed in individual agreement concerning point and time of deliveries.

Suppliers' delivery capability is measured continuously depending on the Sourcing Model (more in 'CHAPTER 3: SOURCING MODELS' and '7.2.1 DELIVERY CAPABILITY') and thus is one parameter in the SCM supplier evaluation.

In case the Supplier is not able to meet the date in the Delivery Schedule, the Supplier will notify Continental immediately in writing. Faster or special transportation are to be arranged by Supplier, in the first place. Only in special cases and previously agreed with Continental, Continental may support in organizing the set-up of a premium freight.

Additional costs for any faster transportation (e.g. premium freights, hand carry etc.) that may be necessary to ensure that the Contract Products arrive at the respective Continental location on the date in the Delivery Schedule, bear by the Suppliers.

Continental reserves the right to charge to Supplier all additional costs connected with above mentioned special transportation and/or any delivery delay. Including premium freights, that Continental may incur with its customers caused by the late delivery of the Contract Products from the Supplier to Continental.

No matter which Party is organizing the premium freight the costs are charged according to cost-by-cause principle.

The acceptance of delayed delivery is not a waiver to the reimbursement claim to which Continental is entitled.

For deliveries into consignment stores special terms are agreed in Individual Agreements (e.g. VMI).

4.4.2 Ramp up / Ramp down

Continental expects greater flexibility from Supplier during ramp up or ramp down. In this context, Supplier should also support small quantities for delivery. For first-time orders and ramp-up, lead-time is considered. In the event Supplier notices while monitoring incoming delivery instruction that lead-time is not considered, both Parties should consult each other and cooperate in good faith.

4.4.3 Cumulative Quantity

The Supplier can use cumulative quantities to monitor incoming delivery instructions (e.g. Delivery Schedule, call-off etc) by Continental for their plausibility, feasibility and to determine increases or decreases within a certain period of time.

Cumulative quantities are a running total at a certain date relating always to a certain point in the past, e.g. to the beginning of the calendar year, the start of a particular project, or the first transmission of the Delivery Schedule.

Continental ERP-System is able to process the following cumulative figures in EDI message to Supplier:

- the cumulative quantity of goods received up to the date of transmission of the Delivery Schedule, and
- a cumulative scheduled quantity (or cumulative delivery quantity), which might also be referred to as progress number.

The **cumulative quantity of goods received** means the total quantity of Contract Products received and booked in Continentals ERP-System up to the date of transmission of the Delivery Schedule and starting with the first release of the Delivery Schedule - or a mutually agreed 'set-to-zero' date. The 'cumulative quantity of goods received' is communicated to Supplier within the Delivery Schedule message. This cumulative received quantity is also the starting point for the accumulation of the cumulative delivery quantity.

The **cumulative delivery quantity** might be designated as progress number and is the starting point for accumulation is the cumulated received quantity.

Supplier can use these cumulative figures to identify:

- changes to a previous release of Delivery Schedule: cumulative figures enable Supplier to identify changes to a previous release of Delivery Schedule easily, as in every Delivery Schedule message, the consecutive number of the current release and transmission date together with the number of the previous release of Delivery Schedule is transmitted.

Example: In figure 13 the cumulative delivery quantity transmitted in week 40 (release number 37) are 21.000pcs vs. 21.500pcs transmitted in week 41 (release number 38). Therefore, demand increased by 500pcs within the same period.

- monitor deliveries in transit and not yet received by Continental: Note that in transit quantities are still included in the Delivery Schedule with the request arrival date together with the quantity. Supplier should use cumulated received quantities to plan next deliveries taking into account that in-transit quantities are still included in the Delivery Schedule.
- determine quantities for which Production Release or Material Release are provided.

Therefore, during set-up of the EDI connection Supplier has to ensure that his IT-System can process cumulated quantities and should clarify any deviation to designation with the respective Continental ordering location.

Release Number	Transmission Week	Cumulated received quantity	Cumulated quantity week 39.2016	Cumulated quantity week 40.2016	Cumulated quantity week 41.2016	Cumulated quantity week 42.2016	Cumulated quantity week 43.2016	Cumulated quantity week 44.2016	Cumulated quantity week 45.2016	Cumulated quantity week 46.2016	Cumulated quantity week 47.2016
30	33. 2016	19.900	20.000	21.000	22.000	22.000	22.000	22.500	23.000	24.000	26.000
31	34. 2016	19.950	20.000	20.500	22.000	22.500	22.500	23.000	24.500	25.000	25.000
32	35. 2016	19.950	20.000	21.000	21.000	21.500	21.700	21.900	22.000	22.000	22.500
33	36. 2016	20.000	20.100	20.500	20.500	20.800	20.900	21.000	21.000	21.200	21.300
34	37. 2016	20.000	20.000	20.000	20.100	20.900	21.000	21.000	21.400	21.600	21.700
35	38. 2016	20.000	20.100	20.600	20.800	20.800	21.000	21.500	21.500	22.300	24.000
36	39. 2016	20.100	20.100	20.200	20.200	20.400	20.600	21.900	22.000	22.000	22.200
37	40. 2016	20.100	20.100	20.100	20.200	20.800	21.000	21.000	21.000	22.000	22.000
38	41. 2016	20.200	20.100	20.100	20.200	21.000	21.000	21.100	21.500	21.800	22.000
39	42. 2016	21.000	20.000	20.000	20.600	21.000	21.000	21.000	21.200	21.900	22.000
40	43. 2016	21.000	20.100	20.400	20.800	21.000	21.000	21.500	21.500	23.000	23.500

Figure 13 - Example of cumulated quantities

Chapter 5: Flexibility and Planning Time Fences

Flexibility within the supply chain is important. This section provides definitions and metrics concerning flexibility and describes constraints as well as the expectations of Continental vs. its Suppliers in this context. In addition, liabilities are described which Continental provides in exchange for Suppliers' flexibility. It is Continental's strategy not to fix orders for a certain period ahead any more, but to provide Production Release and Material Release as liability instead. Continental needs to insist on a share of risks.

5.1 Importance of Flexibility

Continental strives to communicate to Supplier a stable demand with reasonable fluctuations in volume production during series production; this process is based on both customer orders as well as the mid and long-term Continental rolling customer demand forecast (CDP). However, the proportion of concrete OEM's orders and demand forecast can vary. This depends on the OEM, their business model (commercial vehicle, aftermarket etc.) the region, and the associated complexity of predicting demand. Product variety within the automotive industry makes the planning process complex. OEM's demand is rarely perfectly stable. Frequently, OEM's know specific and fixed requirements by customers only a few days before the assembly of a vehicle starts. Changes - short or mid-term - in OEM demand are likely and influence the whole supply chain.

All this information is processed within Continental ERP-Systems taking into account capacity restrictions and certain planning logics to offset high fluctuations. However, fluctuations are reflected in the Delivery Schedule, which Suppliers receive from any Continental location in regular intervals.

Fluctuations must be compensated by means of stock in the supply chain as well as by flexibility of all partners within the complete supply chain. However, flexibility within the supply chain is limited due to capacity constraints, availability of raw material, cycle time, supplier lead-time and transportation time. All partners in the supply chain balance properly their capacities, inventories and

other resources in order to correspond to market volatility. There might be periods of stable, increasing or falling demands. This volatility can hardly be predetermined as a lot of complexity is associated with this (e.g. material shortages, increased customer demand, economic slowdown etc.).

A delayed response affects supply, inventories and causes costs. Therefore, it is of the essence that Continental and Supplier ensures the necessary flexibility in the event of changes in demand.

The only option to manage flexibility is to balance risks throughout the whole supply chain and share risks between business partners. This approach requires trustful collaboration and information sharing between the Parties and is preferably combined with VMI consignment process.

Continental insists on this share of risk and expects its Suppliers to ensure the necessary flexibility in the event of changes in demand as described in the following sections.

5.2 Flexibility within Lead-Time

OEM's expect Continental to be highly flexible even on short notice. And Continental expects its Suppliers to support normal fluctuations of the OEM even on short notice within a certain range. For this reason, Supplier ensure being capable to respond with the same flexibility within the lead-time in the event of changes in demand without any additional costs for Continental. To ensure this flexibility existing consignment inventory might be used.

In this context, flexibility within lead-time refers to the capability of the Supplier to respond to upward changes in cumulative quantity within the lead-time. It is the maximum variation of the cumulated delivery quantity within the lead-time permitted against the precedent Delivery Schedule.

Lead-time in this context reflects the time needed (in weeks) between the date Continental places a first time order and the date of receipt of the Contract Products at the Continental production location. Included here are order preparation and release time, production cycle time, transportation time and receiving and inspection time.

Lead-time is neither transmitted in EDI messages nor considered for the calculation of the individual line items of a delivery schedule. As Continental regularly updates Delivery Schedules (continuous orders and rolling forecasts) and provides a forecast between minimum 12 months and maximum 18 months, lead-time is taken into consideration only in case of first-time orders or high fluctuations in demand.

What does this mean for Supplier?

Requirements can be (1) rescheduled, (2) decreased, or (3) increased. Rescheduling means that current demands and forecasted demands are moved forward (push-out) or backwards (pull-in) by days or weeks with the next message of the Delivery Schedule.

Supplier will be informed of this changes usually early enough, this means within due time and with appropriate notice prior to the shipping dates.

The figure of cumulated quantities can be used to monitor deliveries and determine increases or decreases within a certain period.

Example: Demand per week is 1000pcs, the lead-time is 13 weeks. The cumulated demand within the lead-time is 13.000pcs. With a flexibility of 20%, this means that the maximum quantity to be ordered is 15.600pcs. This means Supplier must be able to supply a maximum of 15.600pcs within a period of 13 weeks without additional costs. Outside of the lead-time the flexibility depends on the agreed capacity in the YPSA.

5.3 Material and Production Release (MPR)

Material Release or Production Release expresses the obligation of Continental to purchase or reimburse Supplier for finished Contract Products or for specific raw material. In no event Continental be liable to Supplier for any Contract Product manufactures in excess of the Production and Material Releases.

The liability of Continental is defined in a separate agreement called Material and Production Release Agreement (MPRA)

In the EDI transmission the Production Release and Material Release is identified with qualifiers (scheduling conditions).

For example, depending on technical settings by and between Continental and Supplier the following qualifiers can be used to communicate Production Release or Material Release. However, due to customizing of the different Continental ERP-Systems, details need to be checked with the ordering Continental location or respective Continental EDI team.

For calculation of the Production Release and Material Release in the event Continental cancels Delivery Schedules, multiple Delivery Schedules have to be compared and checked. This has to be done based on cumulated quantities to offset rescheduling due to fluctuations in demand. For every release of Delivery Schedule, the end date of the production and material release period has to be determined and the corresponding cumulated release quantity calculated. The delta between this quantity and the cumulated received quantity are the quantities for which Production Release or Material Release are provided.

Example:

Continental provides to Supplier 4 (four) weeks for Production Release and additional 3 (three) weeks for Material Release. In week 47.2016 (release number 44) Continental cancels the Delivery Schedule without having scheduled further quantities in the future. The Supplier manufactures the Contract Product specific for Continental. So far Continental received in total 23.000pcs (cumulated received quantity). That means that this number is the current received quantity (yellow field) at Continental. In the Delivery Schedules of the weeks before, the highest released quantity was 24.800 pcs. (yellow/orange field).

So the quantity of liability of Continental is: 24.800pcs. – 23.000pcs. = 1.800pcs.

Release Number	Transmission Week	Cumulated received quantity	Cumulated quantity week 39.2016	Cumulated quantity week 40.2016	Cumulated quantity week 41.2016	Cumulated quantity week 42.2016	Cumulated quantity week 43.2016	Cumulated quantity week 44.2016	Cumulated quantity week 45.2016	Cumulated quantity week 46.2016	Cumulated quantity week 47.2016	Cumulated quantity week 48.2016	Cumulated quantity week 49.2016	Cumulated quantity week 50.2016	Cumulated quantity week 51.2016
30	33. 2016	19.900	20.000	21.000	22.000	22.000	22.000	22.500	23.000	24.000	26.000	26.000	26.500	26.500	28.000
31	34. 2016	19.950	20.000	20.500	22.000	22.500	22.500	23.000	24.500	25.000	25.000	25.500	26.000	26.500	27.000
32	35. 2016	19.950	20.000	21.000	21.000	21.500	21.700	21.900	22.000	22.000	22.500	23.000	23.000	24.000	26.000
33	36. 2016	20.000	20.100	20.500	20.500	20.800	20.900	21.000	21.000	21.200	21.300	21.600	21.900	23.000	23.100
34	37. 2016	20.000	20.000	20.000	20.100	20.900	21.000	21.000	21.400	21.600	21.700	21.700	22.000	22.500	22.900
35	38. 2016	20.000	20.100	20.600	20.800	20.800	21.000	21.500	21.500	22.300	24.000	24.000	24.500	24.600	25.000
36	39. 2016	20.100	20.100	20.200	20.200	20.400	20.600	21.900	22.000	22.000	22.200	22.600	23.000	23.000	23.400
37	40. 2016	20.100	20.100	20.100	20.200	20.800	21.000	21.100	21.100	22.000	22.000	22.100	22.600	23.000	23.500
38	41. 2016	20.200	20.100	20.100	20.200	21.000	21.100	21.100	21.500	21.800	22.000	22.000	22.800	23.000	23.000
39	42. 2016	21.000	20.000	20.000	20.600	21.000	21.000	21.000	21.200	21.900	22.000	22.000	22.700	23.000	23.000
40	43. 2016	21.000	20.100	20.400	20.800	21.000	21.000	21.500	21.500	23.000	23.500	23.800	24.100	24.900	25.000
41	44. 2016	21.500	20.100	20.100	20.700	21.000	21.000	21.500	21.600	22.000	22.500	24.000	24.500	25.000	25.500
42	45. 2016	22.000	20.200	20.300	20.900	21.000	21.100	22.000	22.000	23.000	23.500	24.000	24.800	25.800	27.000
43	46. 2016	22.500	20.200	20.300	20.400	21.000	21.500	21.900	22.200	22.500	22.900	23.400	23.900	24.100	24.600
44	47. 2016	23.000	20.200	20.600	21.000	21.100	21.800	22.000	22.000	22.600	23.000	23.200	23.400	23.500	24.000

Legend:
Cumulated scheduled quantity up to the date Production Release is provided
Cumulated scheduled quantity up to the date Material Release is provided

Figure 14 - Example of Production and Material Release

5.4 Frozen Horizon

The frozen horizon reflects a limited period of time in which automatic changes are kept to a minimum. This period of time does not exceed the transportation time from the last shipping point of the supplier and it is granted upon discretion of Continental for ship-to-stock and CMI-sourcing models only.

The Supplier informs the respective Continental location about changes within this period. Nevertheless, regarding delivery dates and actual delivery quantity the last Delivery Schedule is decisive.

Usually this information is not included in an EDI message for Delivery Schedule. In case of sudden demand decreases, the obligation to absorb specific material costs and/or finished Contract Products is depending on the defined Production Release and Material Release and not the frozen horizon.

It is Continental's policy not to fix orders for a certain period ahead, but to provide Production Release and Material Release as liability instead.

In the event Supplier notices while monitoring incoming delivery instruction that demands are increased within very short notice, both Parties should consult each other and cooperate in good faith.

Chapter 6: Supplier Selection Process

This section is to inform Supplier about the supplier selection process in case of a new part introduction. Deviations towards this process are possible depending on the category of the raw material (electronics, mechanics, or electro-mechanic) or in the event of e.g. re-used parts.

6.1 Sourcing Process

The sourcing process is conducted by cross-functional teams and is linked to the qualification process to get the feasibility commitment from suppliers before final supplier(s) selection. Usually the supplier selection process consists in the following steps:

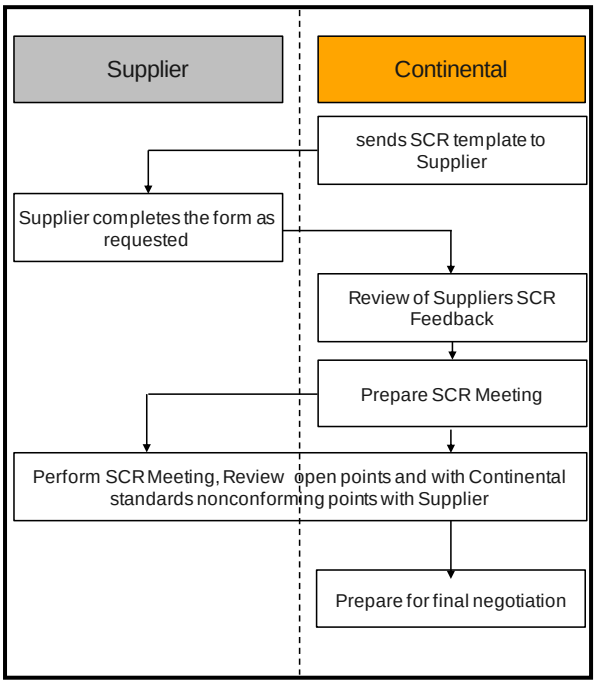


Figure 15 - Example of a process flow four a SCR

Step 1: When new parts or carry over parts are to be sourced and potential suppliers are identified, Continental Purchasing or Quality representative forwards the RfQ (Request for Quotation) to Suppliers. With the RfQ the Supplier receives a package with different documents (e.g. quality requirements, supplier component review (SCR) template etc.). If not already done in the past, the Supplier sign the Global Supply Chain Concept and the Consignment Warehouse contract(s) per Continental request. Additionally the SCM part of the "supplier component review template" should be filled in completely and returned to Continental.

Step 2: Based on the feedback in the RfQ, Suppliers are pre-selected for sourcing and negotiation starts.

Step 3: Continental initiates a supplier component review with pre-selected suppliers. Within this meeting the feedback of the Supplier in the 'supplier component review template' will be discussed.

Step 4: Based on the outcome of such SCR the final Suppliers are selected for sourcing.

Step 5: Final negotiation and business award to Supplier.

SCM weight and role in the sourcing process equals the roles of other functional departments (e.g. quality, purchasing).

6.2 Start of Series Production

For every new Contract Product the delivery process must be coordinated closely between Supplier and Continental location. For example the following topics must be coordinated and finalized between the Supplier and Continental SCM Department before the first delivery for series production on the latest:

- Preferred Sourcing Model,
- Packaging concepts,
- Information Interchange (EDI),
- Shipping documents of Contract Products,
- Directives, contracts and other agreements,
- MMOG/LE,
- Transport concepts,
- Definition of contacts,

It is Continental's policy not to accept products that do not meet the requirements of the applicable drawings and quality specifications. Requests for deviations on nonconforming products are approved by Continental prior to shipment. Required capacities for ramp-up are coordinated with the responsible SCM contact for the specific part and ordering Continental location.

6.3 Supplier Component Review Template (SCR) – SCM Part

The SCM SCR template includes the SCM SCR Questionnaire. In this SCM SCR Questionnaire the Supplier should accept e.g. a Preferred Sourcing Model, Packaging Specification Data Sheet, EDI, transport concepts, delivery terms and lead times, directives, contracts and other agreements. During the SCR meeting, the open points of the SCM SCR Questionnaire will be discussed.

The information given by the Supplier is an indicator of the first general evaluation of the requirements of CA.

When Supplier submits his proposal, he fills in all applicable data and complete all required templates. Within the SCR Meeting both Parties will discuss open points. This includes also deviations to Continental's supply chain requirements.

For the packaging concept proposal, the Supplier provides the data using the 'Packaging Specification Data Sheet'. Please refer to 'TST N09801.01-000 PACKAGING: DEFINITION, PROCESS REQUIREMENTS FOR CA PLANTS AND SUPPLIERS WORLDWIDE'.

Chapter 7: SCM Evaluation Processes

Continental and Supplier ensure the quality of supply chain processes and continuously improve. In order to meet this challenge, the following tools and processes are standard at Continental Automotive:

Supplier Evaluation at Continental

Continental evaluates the quality and SCM performance of its Suppliers on a monthly basis using standardized evaluation criteria. The results are incorporated in the annual evaluation of Strategic Suppliers to Continental called 'Basic Annual Supplier Evaluation' (BASE). Details on SCM Supplier Evaluation are provided in section '7.1 SUPPLIER EVALUATION AT CONTINENTAL'.

MMOG/LE

Continental evaluates and optimizes its supply chain processes based on the MMOG/LE (Material Management Operations Guideline SCM Evaluation) in order to ensure high supply chain performance towards its customers now and in the future. Continental requests also its Suppliers to evaluate their supply chain processes based on the MMOG/LE and provide the result to Continental Automotive Group.

For reference, and for better understanding of the MMOG/LE, an overview is provided in '7.2.4 SELF ASSESSMENT (MMOG/LE) OF SCM PROCESSES'. However, information on the MMOG/LE and further instructions are available with the questionnaire itself.

Supplier Classification with BASE

Within BASE (Basic Annual Supplier Evaluation), the performance of Strategic Suppliers in the previous calendar year as well as its strategic potential for the coming year is evaluated with focus on purchasing, quality, SCM and technology elements. BASE is an important tool in the strategic supplier management process at Continental and results influence sourcing decisions, serve for supplier selection, and supplier classification.

SCM Audits at Supplier's premises

Upon request and Supplier approval, Continental conducts routine SCM audits at Suppliers' premises to verify and assess the SCM systems, including compliance with all Continental SCM requirements.

7.1 Supplier Evaluation at Continental

Continental evaluates the supply chain performance of its Suppliers on a monthly basis using standardized evaluation criteria. These are: the Delivery Capability, the degree of implementation of Preferred Sourcing Models (PSM Rate), feedback of the Self-Assessment MMOG/LE (if any) and a choice of service criteria. Details on the calculation of each SCM criterion are provided in '7.2 SCM SUPPLIER EVALUATION CRITERIA'. The target is to achieve 100% in each criterion. Each criterion is considered with a certain weight according to its importance when calculating the total result.

The monthly SCM performance is reported thru the SupplyOn Performance Monitor to Supplier once per month.

For Strategic Suppliers the monthly result is incorporated in the annual evaluation of Strategic Suppliers called 'Basic Annual Supplier Evaluation' (BASE). This yearly evaluation is also communicated to Supplier thru the SupplyOn Performance Monitor.

Depending on the outcome of the evaluation, Supplier is expected to define and implement appropriate corrective actions. If the SCM performance fails to meet the committed goals, Supplier implements immediate corrective actions and provide a get-well plan upon request. The plan should include actions of how to solve and how to avoid these sorts of incidents in the future. Deviation in actual performance may result in corrective actions to bring Supplier's SCM performance in line with Continental expectations.

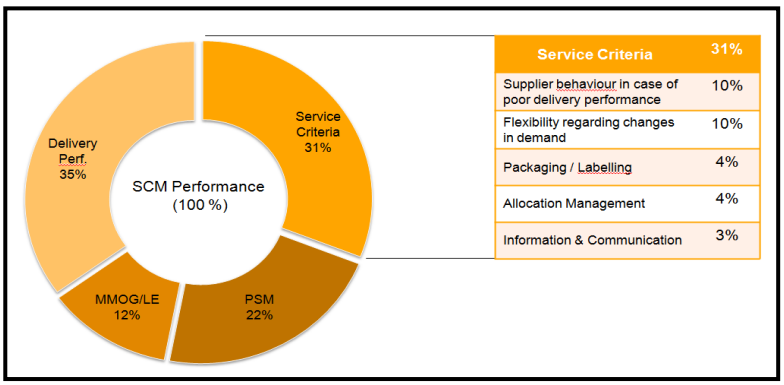


Figure 16 – SCM Performance

7.2 SCM Supplier Evaluation Criteria

Continental evaluates the SCM performance of suppliers based on criteria, which are standardized. For better understanding of the evaluation, the calculation of each criterion is described below.

7.2.1 Delivery Capability

The criteria 'Delivery Capability' measures Suppliers' ability to deliver the right quantity of the Contract Product on the date specified in the Delivery Schedule or in case of VMI the capability of Suppliers to keep the stock level for Contract Products within the agreed min/ max inventory limits. This approach is standard practice within the automotive industry.

Within Continental, the calculation of delivery capability is standardized and backed by an IT-System: when goods receipt is posted in Continental's ERP System, instantly the delivery is evaluated with respect to date and quantity requested. Each and any goods receipt is evaluated on Contract Product basis vs. the information in the Delivery Schedule. The individual measurements are aggregated for each Continental location and the Continental Automotive Group each month and then represent a percentaged evaluation of Supplier's monthly delivery capability.

- Calculation of Delivery Capability for Ship-to-Stock

In case of ship-to-stock sourcing model the correct quantity of Contract Product has to arrive at Continental on the date specified in the Delivery Schedule. The delivery capability measures the deviation in time to the date the quantity of the Contract Product must be received by Continental. These dates are indicated in the Delivery Schedule together with the required quantity.

Each delivery which is received ± 1 day from the requested delivery date and matches exactly the requested delivery quantity is valued with 100%. Early or late deliveries receive a proportional penalty deduction. In the event Continental receives a delivery too early this is subject to lower reductions as this represents a lower risk for Continental. Late deliveries are a risk; therefore, late deliveries are evaluated with a higher proportional penalty deduction.

In the event the quantity differs to the requested quantity, this difference is taken into account proportional to the quantity falling short or being delivered in excess. An over delivered quantity is calculated towards the next delivery item and results in a delivery that is too early.

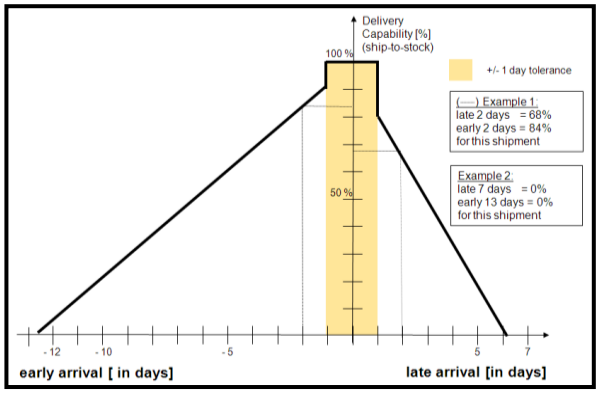


Figure 17 - Calculation of Ship to Stock Delivery Capability

The figure enclosed shows in:

Example 1: How the delivery capability is measured for a shipment that arrives two days late (68%) or two days early (84%) vs. the request date.

Example 2: In the event, a delivery arrives 7 days late or 13 days too early the shipment is evaluated with 0%. These are the upper or lower limits to take into account that either storage capacity or resupply of Continental is at high risk.

Example 3: Continental receives 2.500pcs of A2Cxxx on 05.02, but only 2.200pcs were requested for 05.02, the delivery is evaluated as follows:

Supplier receives 100% for the delivery of 2.200pcs on 05.02. The over delivered 300pcs are evaluated for the next schedule line due on 07.02. The next delivery of 300pcs is due on 07.02. The 300pcs are delivered 2 days too early and therefore, receive a reduction of 16%. The target achievement for the delivery on 07.02 is 84%.

- Calculation of Delivery Capability in case of CMI

In case of CMI deliveries, only receipts within tolerance -10/+4 days from the requested delivery date get 100% evaluation

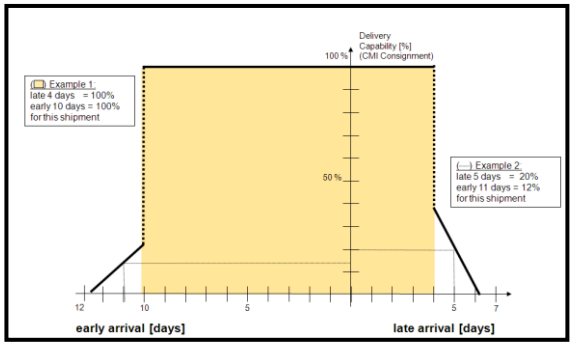


Figure 18 - Calculation of delivery capability for CMI

(Example 1, Figure 18). Beyond the tolerance range, early or late deliveries receive a proportional penalty deduction (Example 2, Figure 18). In comparison with ship-to-stock model, a higher tolerance is allowed since the supplier receives via EDI information about stock levels. As a part of CMI consignment process Continental manages the material planning in terms of restocking and the Supplier resupplies the Contract Products as indicated in a Delivery Schedule. However, Supplier can optimize his delivery frequencies and deliver earlier or later as indicated in the Delivery Schedule since Supplier is well informed of the stock levels. However, due to storage capacity, Continental limits this tolerance on 10 days earlier; else, the storage capacity is exceeded.

- Calculation of Delivery Capability in case of VMI

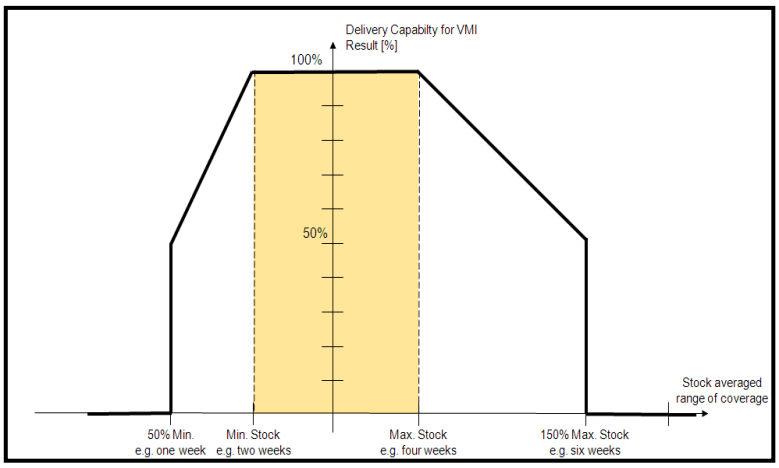


Figure 19 - Calculation for delivery capability in case of VMI

In the case of VMI, the delivery capability measures the compliance of the Supplier to keep the stock of Contract Products within the agreed minimum (min) and maximum (max) inventory limits. The limits are documented in Individual Agreements for VMI. The min. inventory level is defined as the required stock in days/weeks based on the current averaged production demand. The max inventory level is defined as maximum inventories in stock in days/weeks based on the current production demand.

Continental's IT-System calculates the min/max levels once daily and checks the current stock vs. the agreed levels.

Stock levels within the defined limits get 100% evaluation, deviations from the defined min/max limits leads to a linear-proportional deduction up to 0%. If the current stock level falls 50% below the min limit or exceeds 150% of the stretched max limit the SCM performance is evaluated as 0%. The monthly result for delivery capability is an aggregated figure of these daily measurements.

Example: For Part Number A2Cxxxxxxxx the averaged daily requirements are 534pcs/day based on the arithmetic average of the requirements in the upcoming 90 days. The min/ max level on 01.09.2014 is calculated based on the multiple thereof with the agreed max or min days of coverage. Here the Supplier ensures resupply within min (534pcs/day* 14 days, resulting to min 7.476pcs) and max (534pcs/day*28 days, resulting to max 14.952pcs). Current stock level is 6.000pcs. As 6.000pcs is below the minimum - which is 7.476pcs - but exceeds the stretched min limit (50% targets of the minimum limit amounting to 3.738pcs) Supplier's delivery capability on 01.09.2014 is evaluated with 80%. Next day, on 02.09.2014 Continental withdraws 3.000pcs and the stock level is with 3.000pcs lower than 3.738pcs (50% target). Therefore, for 02.09.2014 Suppliers delivery capability is 0%.

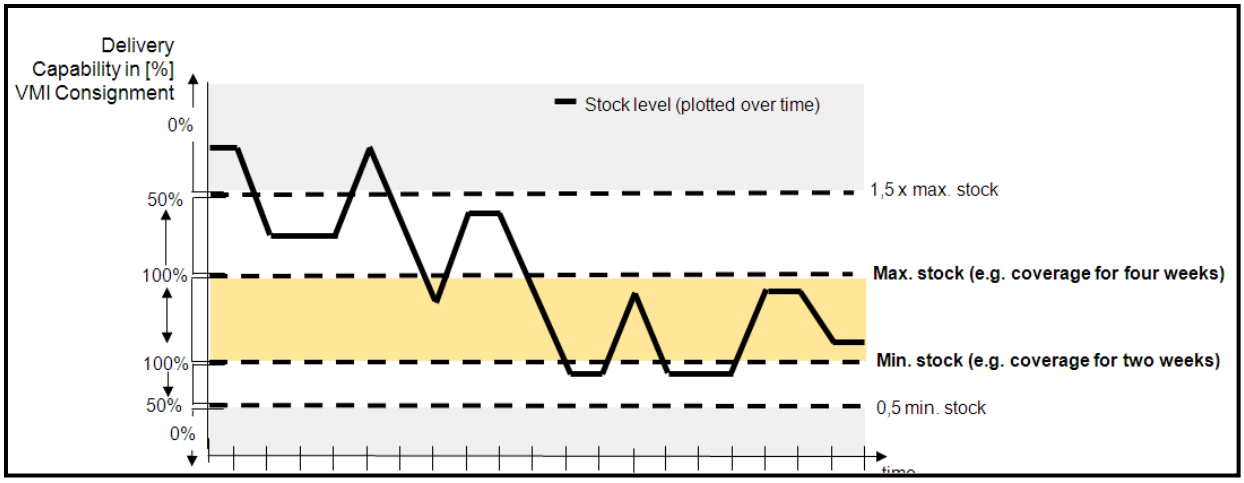


Figure 20 - Example VMI Delivery Capability for Part Number A2Cxxxxxxxx

7.2.2 PSM Rate

Continental requests its Suppliers to deliver the Contract Product according to the Preferred Sourcing Model decided by the Continental location and agreed in Individual Agreements. The PSM Rate measures the implementation degree of consignment or any other Preferred Sourcing Model.

The PSM Rate is defined as the ratio of goods receipt value for Preferred Sourcing Models to the goods receipt value total on location, Contract Product, and Supplier level.

The Supplier receives an evaluation in this criterion according to the PSM Rate (e.g. a PSM Rate of 50% leads to a 50% score in the SCM evaluation for PSM implementation). In case of no PSM is implemented, the Supplier receives a zero evaluation for PSM Rate. The PSM-Rate is not calculated on a year-to-date basis but covers the period of one month.

The PSM Rate is calculated as follows:

PSM Rate = goods receipt value for Preferred Sourcing Models divided by goods receipt value total.

7.2.3 Service Criteria

The term ‘Service Criteria’ describes a couple of predefined criteria that Continental uses to evaluate support and service of Supplier in day-to-day business. These criteria mirror how Continental ordering locations perceive these services in their day-to-day business.

In order to ensure comparability, each Continental location uses a standardized rating scheme. This questionnaire is enclosed. It includes all criteria together with a short description and a rating classification.

The result, if any, is communicated in the SupplyOn Performance Monitor on location level. The Supplier uses this information to clarify expectations of Continental, take it as an indicator for good business collaboration. Supplier can track the results and react proactively to any deviation from the required results.

Standardized rating scheme:

- Behaviour in Case of Poor Delivery (% PD):

The management of critical supply situations is evaluated. The Supplier receives the following scores as described:

- 100% - Proactive information policy even on component level. Supplier manages all actions within its area of responsibility; supplier is cooperative in case of costs for special freight.
- 60% - Supplier provides information only on request and manages special actions sometimes within its area of responsibility. There are frequently negotiations about costs for special freight.
- 40% - Supplier provides information, which is sometimes incomplete, and only on request and initiates special actions only on request; always negotiates about costs for special freight.
- 20% -Supplier informs only on request and always incomplete, special actions are almost impossible and special freight mostly on the expense of Continental.
- 0% - Information is always incomplete and only on request; special actions are impossible; special freight always on the expense of Continental.

- Flexibility in percent (% FL)

The capability to follow changes in the Delivery Schedule is evaluated. Supplier receives:

- 100% - in case he ensures the necessary flexibility.
- 60% - if Supplier mostly ensures the necessary flexibility.
- 40% - suppliers frequently confirms only with deviations and supplies less than required.
- 20% - Supplier has major difficulties to supply at the requested dates.
- 0% - Zero support in flexibility.

- Information and communication behavior in percent (% IC)

Evaluated is the compliance with EDI standards and the communication behavior. Supplier gets the full score in the event he informs proactively even in case of supply problems. Supplier is evaluated with a penalty reduction in the event a contact person could hardly be reached and information is provided only upon request. Supplier receives 0% in the event it is almost impossible to reach anybody and get adequate information.

- Allocation (%AL)

- 100% - in case of good allocation management from Supplier;
- 50% - in case of medium allocation management from Supplier
- 0% - in case of poor allocation management from Supplier.

- Labeling/ Packaging/ Shipping Documents in percent (% LP)

The compliance with Continental standards on Labeling and Packaging/ Shipping Documents specifications is evaluated. Supplier receives:

- 100% - in case of full compliance to the requirements of Continental;
- 50% - in case Supplier fails sometimes; and
- 0% - in case Supplier fails in most cases.

7.2.4 Self Assessment (MMOG/LE) of SCM Processes

The Material Management Operations Guideline / SCM Evaluation (MMOG/LE) is the standard for evaluating supply chain processes in the automotive industry. It is a tool that enables a comprehensive self-evaluation and which is used by all OEM's and their suppliers for internal assessments, organization benchmarking, and improving supply chain performance.

Continental requests its Suppliers to evaluate their supply chain processes based on the MMOG/LE and to provide the result to Continental Automotive Group. The MMOG/LE questionnaire is available for download on the AIAG or ODETTE website (www.aiag.org or www.odette.org) and requires a charge. Strategic Suppliers to Continental are requested to buy a copy, download, and fill in the English full version of the questionnaire and send it afterwards to Continental using the following email address mmogle@continental-corporation.com.

In case the Supplier does not submit the MMOG/LE, the Supplier understands and accepts a penalty deduction in the supplier evaluation. If the MMOG/LE is not provided in due time, Supplier has to accept reductions in the overall SCM performance.

Continental Automotive introduced a scoring evaluation system which is based on a qualitative analysis of the self-assessment files. Suppliers should fill-in the current status for each criterion. For each non-compliant criterion content of the action plan and target date in columns I and J is checked.

According to the result of such MMOG/LE (A-, B- or C-level) Supplier gets a fixed score. Supplier receives at minimum 50% if Supplier provides Continental a MMOG/LE – even if it is a C-Performance. This is because Continental honors Supplier's effort to audit and benchmark their supply chain processes to best practices within the automotive industry.

Continental expects that Supplier use the result of such evaluation to optimize its supply chain processes in order to ensure high SCM performance. Moreover, Supplier understands that the Feedback and result is the basis to select suppliers for an improvement process and collaboration meetings. In case of poor results, the Suppliers provide Continental an action plan with corrective measures of how to avoid this situation in future

7.3 Supplier Evaluation Reporting

Continental uses the SupplyOn Performance Monitor (PerMo) to communicate the results of the monthly (SCM and Quality) and yearly (BASE) evaluation to its Suppliers.

Note that a registration for SupplyOn and registration for this SupplyOn Service is required. All Strategic Suppliers to Continental are requested to register to SupplyOn by Continental. Suppliers that are not yet Strategic Suppliers for Continental can contact their respective purchasing contact or SupplyOn Customer Service for further details. The contact details for SupplyOn Customer Service are available on the Internet by performing an internet search entering 'SupplyOn for Suppliers'.

7.3.1 Availability of Data

Continental's IT-System continuously processes the data for delivery capability or PSM-Rate. However, data to SupplyOn Performance Monitor is transmitted only once a month to the SupplyOn Platform. The monthly supplier SCM evaluation (designated in SupplyOn Performance Monitor as Operational Evaluation SCM) is viewable in the beginning of each month for the previous month and the last 12 months. Usually it is available every 8th working day on 0:00h (CET, German calendar).

The yearly BASE evaluation is viewable for Strategic Suppliers in the SupplyOn Performance Monitor at the beginning of the 2nd quarter for the previous calendar year.

7.3.2 How to work with SupplyOn Performance Monitor

Within the SupplyOn Performance Monitor application, a manual is available which describes how to read the evaluated criteria. Suppliers can download this information with a click on the phrase 'Help for customer evaluation system'.

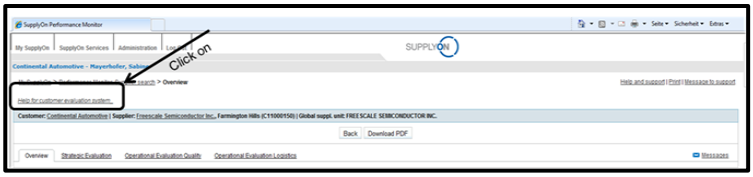


Figure 21 - SupplyOn - Help for customer evaluation system

For details of how to work with the SupplyOn Performance Monitor, please contact SupplyOn.

For reference and for better understanding of the SCM Evaluation in theSupplyOn Performance Monitor an overview of its set-up, structure and criterions is provided below. However, details on the SupplyOn Performance Monitor and further instructions are available with SupplyOn Customer Service if needed.

7.3.3 Summary of the Supplier Performance Evaluation (in SupplyOn designated as Overview)

The overview summarizes the supplier evaluation of the precedent months, for quality and for SCM. Scrolling down the page the SCM result is available. The SCM performance is summarized in a radar chart and a ranking of the worst performance in each SCM criteria.

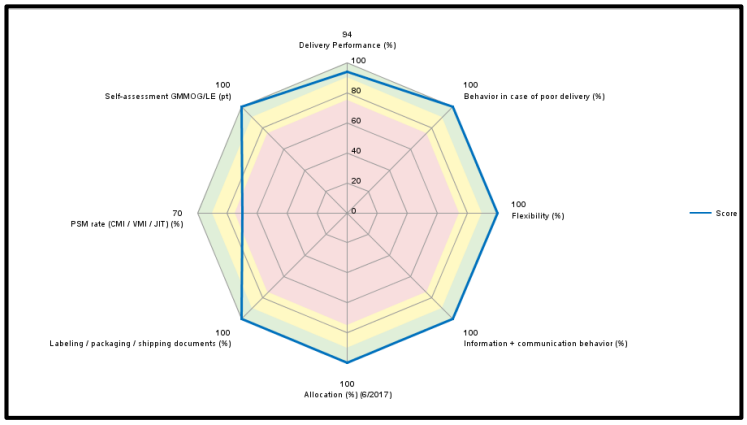


Figure 22 - Radar Chart, Performance Monitor

The radar chart plots the scoring (blue line) of the supplier in each criteria along a separate axis that starts in the center of the chart (0% achievement) and ends on the outer ring (100% target achievement). With this, strengths and areas for improvement can easily be identified. Example: In the figure enclosed Supplier has high service criteria ratings but improvement is required on the PSM rate (70%). In addition, it is recommended that Supplier improves his delivery performance.

7.3.4 Monthly SCM Performance (designated in SupplyOn as Operational Evaluation SCM):

With SupplyOn Performance Monitor the results for the SCM performance (click on 'Operational Evaluation Supply Chain') are available on a consolidated level for the Continental Automotive Group (as a whole), on vendor, location and part level for the previous twelve months (rolling history).

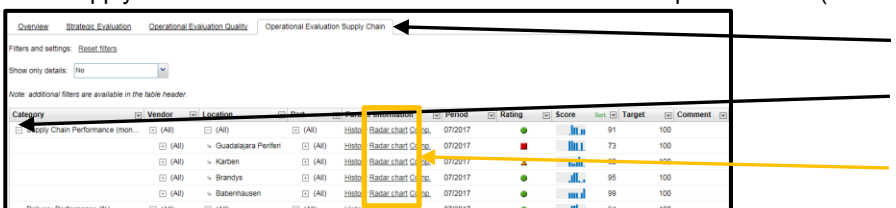


Figure 23 - Example Performance Monitor

It starts at a consolidated level and can be further drilled-down to location (click on 'Supply Chain performance, All') and then to the previous 12 months (click on 'History'). With this information, Suppliers can do detailed analysis. Further details on e.g. part number level are available upon request at the respective Continental location contact (if required).

7.3.5 BASE for Strategic Suppliers (designated in SupplyOn as Strategic Evaluation)

The yearly consolidation of these Monthly Supplier Evaluation combined with the strategic potential evaluation are the basis of the BASE evaluation. Goal of the potential evaluation is to measure the supply risk as well as the supplier involvement in Continental new challenges & defined projects. Therefore, potential criteria may be reviewed to be aligned with the Supply Chain Management Strategy.

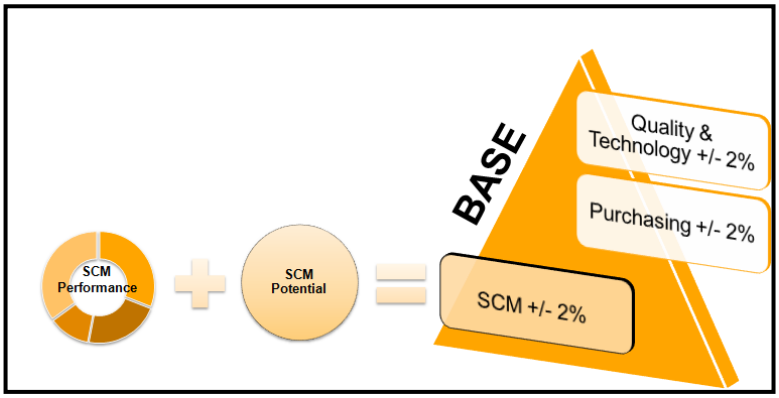


Figure 24 - Basis of the BASE evaluation

The results are available consolidated for each criterion for the Continental Automotive as a whole for the previous two-calendar years. The SCM evaluation in BASE is designated in SupplyOn in the category as 'Supply'. Beyond SCM criteria, further criteria are applied within BASE to assess the supplier's performance with respect to purchasing, finance, and quality.

Chapter 8: Supplier Capacity Update (SCU) and Risk Management Processes

Continental expects his suppliers to have a risk management processes in place in order to ensure deliveries even in abnormal situations. Risk management processes could be by way of example processes, which supports in identifying, analyzing and taking steps to eliminate and prevent possible bottlenecks in supply chain processes (e.g. escalation path) or contingency planning. Upon request, the Supplier provides such risk management processes to Continental.

Continental Automotive has implemented certain risk management processes that trigger a set of countermeasures. These processes are by way of example:

- 'Supplier Capacity Update' - a process to detect and avoid shortages caused by insufficient capacities on supplier side,
- Global Material Shortage Management Process: an escalation process in the event of a material shortage affecting more than one plant,
- Supplier Audits together with MMOG/LE and SCM Supplier Evaluation, or
- Supplier Collaboration Meetings.

8.1 Supplier Capacity Update

Supplier is solely responsible for planning its capacity and its manufacturing capacities. Beyond this, Continental conducts the Supplier Capacity Update with selected Suppliers to ensure supply chain security.

The Supplier Capacity Update is a process in which business partners consult each other with the aim to detect and avoid supply chain problems at an early stage. This process is conducted in addition to general processes (e.g. YPSA) for selected Suppliers.

In general, Continental expects Supplier to be able to meet Continental Automotives requirements. The planned annual volume for delivery per item / parts family is defined and mutually agreed upon in Individual Purchasing Agreements by and between Continental Purchasing and Supplier. Based on this Suppliers are expected to reserve capacities to ensure production of defined volumes including additional capacities defined in the YPSA (usually 20% (twenty percent)) of the projected annual volume. With this Supplier reserves the capacity according to the Individual Purchasing Agreement and secures the supply of Contract Products, including the supply of raw materials by sub-suppliers. The Delivery Schedule or forecast information is the planning basis.

In general, Continental expects its Suppliers to inform the respective Continental Purchasing and SCM department in case it is foreseeable that the updated quantities in the Delivery Schedule exceeds the planned volume plus the additional capacities in the mid to long-term (between 2 to 12 months). In such an event, Supplier will provide an action plan for that both Parties agree in good faith on problem-solving measures.

However, Continental has the 'Supplier Capacity Update' as a risk management process in place in order to detect and avoid supply chain problems for selected suppliers. As an output of this process, Suppliers might receive a Supplier Capacity Update Report.

The Supplier Capacity Update Report includes together with general information the following analysis for each affected Continental part number ordered by Continental plants:

Location	Country	Global Category	LOCO Material Number	Description	Central Material Num	MODIAS Yearly ConQty div 12	VenOrd Qty (CurYr: Apr-Dec div 9)	%Var of MODIAS and VO CurYr (4-12)
Nogales US (Tucson)	US	PCB	2841220100100	PCB*FR-4/DC	A2C80098900	11.090 ST	14.772 ST	33
Sibiu	RO	PCB	2840486505100	PCB*FR-4/DC	#	3.422 ST	5.109 ST	49
Sibiu	RO	PCB	2841354000100	PCB *FR-4/ S	A2C93153400	6.403 ST	20.626 ST	222

Figure 25 - Example for SCU report

- The volume which was agreed during the annual price negotiation (monthly averaged and designated in the report as "MODIAS Yearly ConQty").
- The current order quantities (monthly averaged and designated in the report as "VenOrd Qty"), which Supplier receives weekly as Delivery Schedules with a forecast between minimum 12 months and maximum 18 months. All quantities are monthly averaged without taking into account seasonal or product life cycle effects.
- The deviation in % of YPSA vs. Vendor Order. The result is marked in red if the difference is above in YPSA agreed flexibility.

Seasonal or product life cycle effects are not taken into account.

The Supplier is asked to check its capacity if he can support the monthly quantities shown under 'VenOrd Qty' and in addition the agreed flexibility rate on top. That means: the requested quantity is calculated with the 'vendor order quantity' plus 'vendor order quantity' multiplied with 'flexibility rate'.

In case of negative capacity feedback, the Supplier and Continental will work closely together to search for and to implement appropriate solutions. If necessary Continental will invite the Supplier to further meetings to clarify and solve the situation. In this case, the supplier is expected to provide requested information like shift models or capacity utilization ratios and an action plan.

8.2 Risk Management - Material Shortages

If a material shortage is foreseeable, and might affect the supply of Continental, Supplier is expected to initiate countermeasures without undue delay. The primary objective is to avoid production bottlenecks at Continental. In case of a Material Shortage, Supplier will inform the respective Purchasing and SCM Departments of Continental immediately and will manage the deliveries in close cooperation with Continental to avoid any disturbance of the supply of Contract Products.

Material Shortage shall mean a situation where the quantity supplied of a specific Contract Product falls short of the quantity ordered at a given time and at a given place. In the event a Material Shortage affects more than one plant, the material shortage is referred to as allocation. Allocation shall mean a Material Shortage affecting more than one plant and a decision is needed to determine what quantity of Contract Product will be delivered to each plant and Continental has declared the Material Shortage as allocation and named an allocation manager.

Upon request, the Supplier will provide detailed information about the material shortage situation as follows:

- List of Contract Products supplied to Continental, Supplier sees as necessary to be taken in allocation,
- Weekly global capacity allocated to Continental of each Contract Product and/or contract product family,
- Root cause of the material shortage,
- Action plan and get-well plan including: estimated date of problem resolution and closure date of the allocation,
- Output plan, and
- Shipment tracker

Chapter 9: Delivery Terms

Supplier and Continental agree on delivery terms or CA Trade Terms according to the specific requirements of the supply chain. Continental Purchasing department fixes the terms of delivery in the Yearly Pricing and Supply Agreement (YPSA). Preferred delivery terms are DDP, DAP, CA-DAP and CA-DDP.

CA-DAP:

Payment of freight charges and organization of the logistics chain plus transportation insurance and handling of transport insurance claims – according to Continental standards – is managed by Continental on behalf of the supplier.

The supplier remains in the ownership of the goods until they have arrived at the Continental location, or when the goods are picked up by Continental from the consignment stock. The supplier has all rights on his goods whilst the goods are in transit to Continental.
The supplier is obliged to load the goods on the pickup vehicle and to arrange all legal formalities (e.g. export administration documents) to export the goods.

CA-DDP:

Payment of freight charges and organization of the supply chain plus transportation insurance and handling of transport insurance claims - according to Continental standards – is managed by Continental on behalf of the supplier.

The supplier remains in the ownership of the goods until the time when the goods are picked up by Continental from the consignment stock. The supplier has all rights on his goods whilst the goods are in transit to Continental.

The supplier is responsible for carrying out the customs formalities and the payment of any duty, taxes and other charges for import in the country of importation. The forwarder nominated by Continental will inform the supplier or its broker on the customs relevant freight costs. In addition Continental will inform the supplier or its broker on the customs value relevant insurance premium.

The supplier is obliged to load the goods on the pickup vehicle and to arrange all legal formalities (e.g. export administration documents) to export the goods.

For more details about CA-DAP and CA-DDP refer to TST N09800.02-001; Continental Automotive Trade Terms. Delivery terms (Incoterms) will be handled exclusively in accordance with Incoterms 2010 of the ICC or its current valid version.

According to the agreed terms the nomination of the forwarder will be decided.

This Continental Technical Standard (Norm) is available for download

- on the Continental Internet page ‘For Suppliers’ on the worldwide web, using the following link: https://www.continental-automotive.com/en-gl/Passenger-Cars/Company/Supplier-Logistics
- by performing an internet search and entering the TST-no: ‘TST N09800.02-001’;
- via SupplyOn Document Manager; or
- otherwise upon request.

Supplier understands that he is obligated to obtain and review the TST.

Chapter 10: Labeling of Contracted Products

The requirements to Labeling of Contract Products are specified in Continental Technical Standard-Norm (TST N09800.03-000, Requirements on marking of goods). This CA TST is by reference incorporated in this Global Supply Chain Concept and describes the requirements concerning which label format is preferred and accepted by Continental, the positioning of labels on the smallest packaging unit and how to fix labels. This document is available for download on the worldwide web by entering ‘http://www.conti-online.com/www/automotive_de_en/general/contact_services/suppliers_logistics_en.html’ or can be provided to Supplier by Continental via SupplyOn or otherwise upon request.

Chapter 11: Packaging

Definition, process, and requirements to Packaging (expendable or returnable) are specified in Continental Technical Standard-Norms ‘TST N09800.01-000, Packaging: Definition, Process, and Requirements’. This CA TST is by reference incorporated in this Global Supply Chain Concept. In order to respond to specific packaging requirements this CA TST can be supplemented by location or region specific regulations.

These packaging specifications describe general packaging requirements, processes and Continental Automotive packaging standards (standard types for expendables and returnables etc.) and specific packaging requirements (e.g. IPPC, ESD, corrosions prevention, humidity control, REACH/ SVHC etc). In addition, the Continental Technical Standard Norms describe procedures for definition of packaging concepts and specification ‘TST N09801.01-000 Packaging-Specification-Data-Sheet’.

This Continental Technical Standard Norm is available for download

- on the Continental Internet page ‘For Suppliers’ on the worldwide web, using the following link:
- https://www.continental-automotive.com/en-gl/Passenger-Cars/Company/Supplier-Logistics
  by performing an internet search and entering the TST-no: ‘TST N09800.01-000’;
- via SupplyOn Document Manager; or
- otherwise upon request.

Chapter 12: Dispatch and Transportation

The requirements to Dispatch and Transportation are specified in Continental Technical Standard-Norms ‘TST N09800.02-000 Transportation, Customs/Foreign Trade and Export Control’ and ‘TST N09800.02-001 Continental Automotive Trade Terms’ which by reference is incorporated in this Global Supply Chain Concept.

This Continental Technical Standard Norm is available for download

- on the Continental Internet page ‘For Suppliers’ on the worldwide web, using the following link: https://www.continental-automotive.com/en-gl/Passenger-Cars/Company/Supplier-Logistics
- by performing an internet search and entering the TST-no: ‘TST N09800.02-000’ and ‘TST N09800.02-001’
- via SupplyOn Document Manager; or
- otherwise upon request.

Non-conformity of Packaging, Identification, Delivery Documents or any non compliance of Delivery Instructions can lead to a Supply Chain Claim initiated by the plant where deviation has been identified.

A Supply Chain Complaint is a Supply Chain-related disturbance caused by a supplier influencing Continental or a Continental customer. Notification of SC Complaint will be done through official letter as quality incident and requires a confirmation and an open 8D-report within the next 24 hours.

The following causes fall within the Supply Chain claims:

Packaging
Damaged Packaging / Transport Damage
Contaminated packaging
Packaging not according to specification

Packaging with mixed load
Missing Label

Identification
Label not readable
Label not according to specification
Missing ASN
ASN not according to specification
Incorrect material
Incorrect quantity
Label no at correct position

Delivery documents
Missing delivery documents
Delivery document not according to specification

Delivery
Non-compliance delivery instructions
Incorrect order code
Incorrect data code
Shelf-life exceeded

Material
Material shortages

In the event of non-conformities CONTI reserves the right to charge all provable costs occurred in connection with such non-conformities to the Supplier.

Chapter 13: Customs/ Foreign Trade, Security Handling

The requirements to Customs, Foreign Trade and Security Handling are specified in Continental Technical Standard-Norms (TST N09800.02-000; Transportation, Customs/Foreign Trade and Export Control) which by reference is incorporated in this Supplier Manual.

This Continental Technical Standard Norm is available for download

- on the Continental Internet page 'For Suppliers' on the worldwide web, using the following link: https://www.continental-automotive.com/en-gl/Passenger-Cars/Company/Supplier-Logistics
- by performing an internet search and entering the TST-no: 'TST N09800.02-000'
- via SupplyOn Document Manager; or
- otherwise upon request.

Contacts within Continental Supply Chain Management Automotive
For further information or questions, please use following email contacts:

Global Supply Chain Concept – Consignment Contracts

07WWFMCSL@continental-corporation.com

MMOG /LE Feedback

mmogle@continental-corporation.com

Customs, Transport & Packaging

Customs: customs-foreign-trade@continental-corporation.com

Transportation: transportation-design@continental-corporation.com

Packaging: packaging.technics@continental-corporation.com

Frequently used Definitions and Abbreviations

3PL	Third Party Logistics Provider
8D	8 Disciplines
AEO	Authorized Economic Operator
AIAG	Automotive Industry Action Group
ANFAVEA	Associação Nacional dos Fabricantes de Veículos
ANSI	American National Standards Institute
AQP	Advanced Quality Planning
A SCM	Automotive Supply Chain Management
ASEAN	Association Of South- East Asian Nations
ASN	Advanced Shipping Note
BASE	Basic Annual Supplier Evaluation
CA	Continental Automotive
CA TST	Continental Technical Standard-Norms
C-TPAT	Customs Trade Partnership Against Terrorism
CMI	Customer Managed Inventory
CSV	Character Separted Values data format
DIN	Deutsches Institut für Normung
DELFORP	Delivery Forecast Planned Delivery
EAR	Export Administration Regulations
ECCN	Export Control Classification Number
EDI	Electronic Data Interchange
EDIFACT	International EDI standard (Electronic Data Interchange For Administration, Commerce, and Transport)
ERP	Enterprise Resource Planning
ESD	Electrostatic Discharge
ESP	External Service Provider
EU	European Union
FIFO	"First In, First Out" principle”
GALIA	Groupement pour l'Amélioration des Liaisons dans l'Industrie Automobile
GQA	General Quality Agreement
GXS	Global eXchange Services.
INVRPT	Inventory Report
IPPC	International Plant Protection Convention
ISPM 15	International Phytosanitary Measure (developed by IPPC)
ISO	International Standards Organization
JAMA/JAPIA	Japanese Automobile Manufacturers Association / Japan Auto Parts Industries Association
JIT	Just In Time
LU	Loading Unit
MMOG/LE	Materials Management Operations Guideline / Logistics Evaluation
MPR	Material Production Release

MRP	Material Resource Planning
MSL	Moisture Sensitivity Level
NAFTA	North American Free Trade Agreement
ODETTE	Organization for Data Exchange by Tele Transmission in Europe
OFTP	ODETTE File Transfer Protocol
PE	Polyethylene
PerMo	SupplyOn Performance Monitor
PET	Polyester
PP	Polypropylene
PAB	Purchasing Automotive Board
PTN	Product Termination Notification
PVC	Polyvinyl chloride
PVO	Purchasing Volume
PSM	Preferred Sourcing Model
RfQ	Request for Quotation
SBI	Self-Billing Invoices
SCF	Supplier Comparison Factor
SCR	Supplier Component Review
SSC	Strategic Supplier Contract
SupplyOn	Electronic Marketplace for Automotive Suppliers
TSA	Transportation Security Administration
TOMS	Transport Order Management System
VCI	Volatile Corrosion Inhibitor
VDA	Verband der Automobilindustrie (German Association of the Automotive Industry)
VMI	Vendor Managed Inventory
WEB EDI	Web based Electronic Data Interchange
WW	Worldwide
YPSA	Yearly Pricing and Supply Agreement.

Editor: A SCM NR SB

Continental Automotive Group