



Mercedes-Benz

February 12, 2019

Dear Mercedes Consolidation Center Supplier:

Effective Monday, February 18, 2019, the Mercedes Consolidation Center (CC) will begin enforcing chargebacks to all suppliers (including, but not limited to, KON, JIS, Body, and Assembly) for any deviation in the Daimler/MBUSI shipping and labeling standards established between MBUSI and our suppliers. These chargebacks will be in alignment with those laid out and previously communicated to our supply base in October 2018. This is in an effort to mitigate the negative effects that these deviations cause in our process.

In order to eliminate these risks, we are requiring all of our suppliers validate that shipments adhere to the Daimler/MBUSI shipping and labeling standards. Please reinforce within your organization the following guidelines:

- ASN to be sent to Mercedes CC at the time the shipment is sent with the correct trailer number included; shipment to be against valid schedule agreement/item/unload point: only one shipment against one Handling Unit.
- Shipments must adhere to Mercedes packaging and labeling specifications in the Supplier Communication Guide on the Daimler Portal.

Please review your shipping process and ensure that the above mentioned standards are met. Mercedes CC will charge back \$1,000 for each deviation to the ASN standard. For further details on the chargeback layout for label and packaging errors, please refer to the attached letter dated October 10, 2018.

We appreciate your support in further improving these processes.

Thank you,



Nathan Botha
Senior Manager
SC/SCSPS
Planning Supply Chain SCS



Brad Johnson
Manager
SC/SCSPS
Planning Supply Chain SCS



Jim Culp
Manager
SC/SCSPS
Planning Supply Chain SCS



Mercedes-Benz

October 10, 2018

Dear MBUSI Supplier:

There are multiple shipments arriving each day at our Logistics Center that do not meet the established standards between MBUSI and our suppliers. These abnormalities create inefficiencies in our internal processes that put our production at risk. Any deviation to our standards will result in a chargeback.

In order to eliminate this risk we are requiring that all of our suppliers validate that shipments adhere to the Daimler/MBUSI shipping and labeling standards. Please reinforce within your organization the following guidelines:

- ASN to be sent to MBUSI at the time the shipment is sent with the correct trailer number included; shipment to be against valid schedule agreement/item/unload point: only one shipment against one Handling Unit.
- Shipments must adhere to MBUSI packaging & labeling specifications in the Supplier Communication Guide on the Daimler Portal.


Please review your shipping processes and ensure that the above mentioned standards are met. MBUSI will charge back \$1,000 for each deviation to the ASN standard. For label and packaging errors please refer to the debits and penalties attached to this letter. Along with the chargebacks for a shipment error, MBUSI will also issue a chargeback for any missing parts on vehicles or downtime caused by an ASN, label or packaging error.

We appreciate your support in further improving these processes.

Thank you,



Christian Benz
Senior Manager
SC/SCSI
Inbound Logistics



Nathan Botha
Senior Manager
SC/SCSPS
Planning Supply Chain SCS



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Label and Packaging Debits and Penalties

Suppliers will receive debits against receiveables for non-conformities. For parts shipping in unapproved corrugated or unapproved alternate packaging – without written approval from the respective MBUSI Packaging Engineer/Specialist. Reference Document SCGPA11 form when requesting by part number the use of alternate packaging. Blanket authorization will only be approved under ver strict and specific circumstances.

All MBUSI packaging & labeling specifications are documented and can be found in the Supplier Communication Guide on the Daimler Portal.

Non-conformity/Error	Debit/Penalty
Shipment of unapproved cardboard or unapproved alternate packaging <i>(August 1, 2017 forward)</i>	\$50 per tote/tray
Repack charges due to unapproved use of packaging that is damaged or does not fit lineside <i>(August 1, 2017 forward)</i>	\$35 per handling unit
HU labels that do not meet MBUSI standards	\$50 per handling unit
Mixed load/master labels misues or that do not meet MBUSI standards	\$250 per handling unit
Missing or broken cardholders on hand held totes	\$25 per tote
Non-submittal of monthly report showing regularly scheduled TPMs	\$500 per incident
Shipment to MBUSI of previously "Repair Request" tagged racks or packaging with product and without repair	\$500 per incident
Non-submittal of packaging fleet purchase documentation – due two weeks after each SOP, volume increase, etc. Documentation to include packaging manufacturer, packaging/dunnage cost, quantity ordered and received.	\$500 per month
Non-submittal of final drawings for racks, dunnage, trays, etc.	\$500 per month per drawing
Failure to submit Acknowledgement Sheet <i>(October 1, 2017 forward)</i>	\$500 per quarter