

# LEAR

# SUPPLIER LOGISTICS REQUIREMENTS MANUAL

(SLRM)

Version 3.0 / April 2025

*valid for*

## LEAR SEATING SYSTEMS DIVISION EUROPE & AFRICA

**Project:** \_\_\_\_\_

**JIT/JIS/Trim:** \_\_\_\_\_

**Supplier:** \_\_\_\_\_

**LEAR:** \_\_\_\_\_

Name (print): \_\_\_\_\_

Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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## INTRODUCTION

### 1.1. Purpose of the Supplier Logistics Requirements Manual (abbr. SLRM):

- Overview of LEAR Logistics standard processes
- Promote a good business relationship between suppliers and LEAR Corporation based on mutual understanding
- SLRM considered in all supplier quotations
- Exceptions can be defined in a dedicated Logistics protocol.

### 1.2. Supplier's duties

- The supplier must ensure that all following demands are understood and will be followed
- All costs occurring by ignoring these demands will be charged back to the *supplier*

## 2. COMMUNICATION AND INFORMATION SYSTEMS

### 2.1. Communication

- Supplier will provide the overview with the contact details of schedulers/material planners, logistics manager, warehouse manager, plant manager, upper management and other contacts involved in the project
- Contact details must be updated latest every 6 months (or immediately in case of any change) and provided to the LEAR receiving plant
- 24/7 days contact needs to be provided in case of emergency situations

Name	Escalation level & Title	Email addresses	Phone Number

## 2.2. Information systems

- Supplier must be EDI (*LEAR* named VAN) or web-EDI capable (see RFQ)
- An ASN (advanced shipping note) must be sent out to the *LEAR* receiving plant within 1 hour after departure of the truck

## 2.3. iTMS

- Supplier will use the free of charge Lear web-based transport management system (iTMS) by fulfilling the following task:
  - I. ask for training and account by contacting [Inet@lear.com](mailto:Inet@lear.com)
  - II. checking/adjusting the transport details daily (pick up date; quantity; dimension and weight of goods and packaging.) and release the Transport Orders (TO), latest the day before pick-up (before 9:00 a.m.) Failure to release transport order on time might result in extra costs which will be charged to supplier
  - III. supplier must upload copy of delivery note to iTMS
  - IV. in case of customs done by the supplier, the customs documentation must be uploaded in iTMS.

## 2.4. LCMS (Lear Container Management System) – in case of returnable packaging

- Supplier will use the free of charge LEAR web-based container management system (LCMS) by fulfilling the following task:
  - I. ask for training and user access by contacting [cms@lear.com](mailto:cms@lear.com)
  - II. checking monthly account statements received by e-mail (or in future in the system) and confirm balances to the *LEAR* plant
  - III. in case of volume deviations or damaged packaging issue a complaint in the LCMS

# 3. INCOTERMS AND COLLECTIONS

## 3.1. Incoterms

- The Lear principle is to collect "FCA SUPPLIER's PLANT" for European suppliers or "FCA European warehouse" for non-European suppliers

### 3.2. Collections

- All ordered parts must be ready 2 hours before the agreed loading time on the day of collection.
- Any time window needs to be agreed between supplier, LEAR and transport company.
- The truck will leave when goods are not finished. In this case the supplier is responsible to supply the goods on time at his own costs to the Lear receiving plant.
- The supplier must contact the Lear plant if volume changes occur.
- Waiting costs occurring at supplier premisses due to supplier's fault will be charged back to the supplier
- Frequent and mixed deliveries as per agreement with Lear plant.
- FTL trucks need to be utilized 100%. Details of such load need to be agreed with Lear plant
- Collection at least one-time per week, fewer collections per week need to be agreed with the receiving Lear plant

## 4. **PACKAGING**

*Detailed information as attachment of this document*

### 4.1. General packaging key points

- Supplier quotation and packaging proposal has to be in line with the Lear standard packaging catalogue (see: EPP11.xx)
- Any deviation from the Lear standard packaging catalogue needs to be agreed with Lear before submitting the quotation for packaging
- If expandable packaging will be required packaging dimensions, fill rates and stack factors shall be similar to the comparable returnable standard container. Preferred solution is cardboard with lid.
- Expendable pallets must be used for expendable packaging; returnable pallets (e.g. EURO pallets) must be used for returnable packaging
- Separators, part protection and all related costs are part of the material price
- The standard dimensions for pallets are 1200 x 800 x 1000 mm (EURO pallets ground dimension); targeted height 1000 mm [if higher, then higher handling effort]; acceptable ground dimensions of 1200 x 1000 x 1000 mm

- A full pallet must be secured with banding not with stretch foil, exceptions must be agreed with the receiving plants
- If the agreed returnable packaging loop is insufficient, an agreed alternative packaging must be used. This alternative packaging shall follow the same as requirements than the returnable one. At no time a delivery stoppage to this matter is accepted. Cost for this alternative packaging will be invoiced to the originator
- The agreed packaging loop between supplier and Lear considers all needs within the Lear facility, the freight from and to the supplier as well as the preparation of the next shipment at the supplier facility. The general stock holding at the supplier is not part of the loop calculation
- Filling/nesting of containers and part protection need to be agreed with Lear. The supplier is responsible for an appropriate part protection
- The supplier is responsible for the quality of goods until the point of fit (according to incoterms)
- The supplier is responsible for cleaning the returnable container in an agreed time interval
- The supplier is responsible for attaching copy of delivery note on one of the container loaded
- The supplier is responsible for removing all invalid (old) labels before the next shipment
- More detailed requirements in relation to packaging can be found on Lear web page [www.lear.com](http://www.lear.com) in "suppliers" section – Global requirements & code of conduct for suppliers
- Agreed minimum order quantities (MOQ) can be lowered, based on decreasing demand or in case of a run-out phase, without any change in costs
- In case of DDP/DAP deliveries, all transportation related costs for the return of empty containers need to be covered by the supplier
- The supplier has to use a Lear directed web-based container management system (LCMS) for follow-up and adjustment of returnable packaging accounts

#### 4.2. LCDS - Logistics costs data sheet

- The supplier must submit to Lear a completed logistic cost data sheet (part of the RFQ form) for all offered part numbers
- If the received data in the LCDS is incomplete, the whole offer is considered incomplete.

#### 4.3. LPDS - Logistics packaging data sheet

- The supplier must submit to Lear a completed Logistics part data sheet for all offered part numbers before SOP
- For approval purposes, a packaging and transport trial between supplier and Lear is obligatory
- The supplier has to use a Lear directed web-based packaging approval system (LPAS) for follow-up and adjustment of the packaging approval process.
- If the web-based system usage is not feasible, the 2100 packaging form can be used as an approved alternative. Either of these cases needs to be agreed by Lear upfront.

### 5. LABELING

*Detailed information as attachment of this document*

#### 5.1. Standards

- Supplier must use 2D barcoded labels upon AIAG B-16 or VDA4994, unless there is no given instruction to use older 1D barcoded labels as Odette1.4 or VDA 4902 standards
- The content of the label must comply with 2D barcode upon AIAG B-16 or VDA 4994. Minimum barcode identifier
  - prefixes are:
    - P – part number
    - Q – quantity
    - S – serial number
    - N – delivery note (upon plant requirements)

#### 5.2. Labeling of goods by supplier

- No labels, signs or similar items may be stuck to Lear returnable packaging
- The pre-defined standard label holders attached to the load carriers need to be used for labeling the load carriers
- If standard label holder is not available, the label must be secured with a maximum of two easy to detach adhesive points.

### 5.3. Labeling of handling units (HU)

- Packaging and handling units are to be delivered unmixed.
- Each packaging to be marked by single label, homogeneous handling unit to be marked by master label.
- Mixed HU is not allowed unless prior approval is obtained from Lear plant.
- If Lear approval is given, the supplier is responsible to use mixed load label for identification of mixed HU.

## 6. DELIVERY CALL-OFF

### 6.1. Flexibility Rule

- According to liability rule established by final customer (OEM) for the entire supply chain
- The expected flexibility is to be in accordance with the official nomination from OEM or Lear. Information about agreed flexibility and maximum capacities for each part must be provided to logistics department
- Lear is not responsible for volume cuts by the customer. If volume is decreased, Lear reserves its right to reduce the call-off to the supplier as well without any extra-charge due to storage costs and/or purchase commitment. The delivery of products shall always be based on the latest delivery call-off.
- Firm orders from Lear will be identified in release by F (firm) and by P (forecast).
- The costs of missing pick-up are not applicable to the material which is not collected by the carrier on time due to transportation issues like network disruption, incident, or other reasons out of control from Lear.
- Supplier must keep a reliable safety stock of the finish goods and raw materials in order to secure deliveries. Exact amount of safety stocks must be agreed with Lear plant, taking in consideration production process time and materials lead time. Lear remains the right to request detailed info about the safety stocks at supplier at any time



## 6.2. Leadtime

- If the lead-time of the supplier is longer than firm period provided by OEM to the rest of the supply chain, the coverage of material availability must be guaranteed with a sufficient buffer stock from supplier side.

## 6.3. Minimal Order Quantity (MOQ)

- MOQ must be confirmed and approved by Lear Plant based on ratio of material consumption (see Appendix 1).
- Lear reserves the right to re-negotiate MOQs after SOP due to wrong volumes submitted originally.
- 12 weeks prior run-out (EOP/end of production), an initial overview shall be obtained by suppliers, revealing potential obsolescence costs for the part number affected and MOQ won't be considered anymore valid as parameter for the submission of the ordered quantity: the authorized quantities for raw material and fabrications of suppliers will be clearly indicated in the delivery schedule
- The material shall be delivered by the supplier strictly based on demand requirements without any change in costs.
- In case of quality issues, the replacement quantity is not subject to MOQ. Replacement of material due to blocked/claimed goods, it will be ordered based on direction of Quality Teams.
  - o *Example JIT: Minimal Order Quantity is NOT considered as multiple: 150pcs+150pcs in case last order is 63pcs only 63pcs have to be delivered*
  - o *Example TRIM: Minimal Order Quantity is NOT considered as multiple: 400lm+400lm in case last order is 63lm only 63lm have to be delivered*

## 6.4. Minimal Delivered Quantity (MDQ) – relevant for trim plant only

*Detailed information in appendix 14.1*

- MDQ must be confirmed by Lear Plant based on Volumes, Material Type (PN level) and Take Rate communicated by OEM
- MDQ will be applied in the first year of serial production as serial ramp-up period

#### 6.5. Reconciliation of Tolerance

- The quantity gap of material under tolerance between what was confirmed and what was received should be reconciled on quarterly basis as shipment of backlog.
- When producing and shipping in kits, unbalances can occur due to scrap, quality issues, etc.
- The supplier must balance out Lear stock by shipping separate parts once a month as re-order process.

### 7. SECURITY PLAN AND EMERGENCY SITUATIONS

- Supplier needs to inform the Lear material planner immediately in case of shortage or inability to supply
- In case of shortage or inability to supply, including in the event of unforeseeable disruptions (strikes, bad weather, ect.) supplier has to establish an emergency plan for production, raw material and transportation. This plan has to be provided to the Lear receiving plant and communicated immediately, involving OEM when necessary
- supplier is responsible to check call-off data in the frequency the data are transmitted.
- the supplier is responsible to inform Lear in case of implausible data and in case of problems of achieving call-off quantities on time within 2 working days from the date of EDI release

### 8. SERVICE PARTS

- Supplier is held to continue deliveries of service parts after the runout of the parts they supply in accordance with the purchasing agreement with Lear. This means the supplier has to ensure availability of raw material, tooling, equipment and manning to produce and deliver service parts.

## 9. QUALITY

- Logistics Quality Notices (QN) will be created and sent in case of logistics issues, such as (but not limited to): wrong labeling, wrong quantity, missing documents, under/over shipment (unless agreed), wrong packaging, late shipment resulting in late delivery, customs fees (in case of deliveries on supplier's costs), handling of extra shipments (apart from agreed weekly pick ups), lack of communication resulting in production disruption, etc.
- Every LEAR QN will be invoiced with an administration fee of based on actual valid tariff which is communicated upfront with update
- Supplier must use Lear web portal SQTS for the access to the claims

## 10. RUN-OUT PHASE REQUIREMENTS

### 10.1. Before run-out

- Twelve (12) weeks prior run-out (EOP/end of production), an initial overview shall be obtained by suppliers, revealing potential obsolescence costs for the part number affected. *Customer nominated suppliers, also send the corresponding report directly to the customer.*
- The authorized quantities for raw material and fabrications of suppliers are clearly indicated in the delivery schedule (hardcopy or EDI).
- For validation purposes a biweekly obsolete analysis has to be carried out, two weeks before EOP daily updates are required, considering fluctuations
- Without receiving prior notice, LEAR is unable to sustain the schedule commitments and material authorizations.

### 10.2. After run-out

- The final obsolete statement must be submitted to Lear for validation no later than two (2) weeks after the end of production. If the information is not received within this period, the supplier forfeits the right to make future claims and receive any compensation for potential obsolescence.
- All claimed materials must be kept available until an approval letter for final scrapping is sent to the supplier.

- Provided, that a supplier is responsible for service parts business, the remaining stock at LEAR facility shall be repurchased on stock exchanges at contract price.
- Obsolete material will only be paid in turn, that LEAR receives the same amount (PO) from the OEM as remuneration for that activity.
- Agreed batch sizes can be lowered, based on decreasing demand or in case of a run-out phase, without any change in costs.
- All claims must include a cumulative quantities analysis (cumulative required vs. cumulative shipped) within the lead time period defined by Lear's rules, and must include EDI number reference. If cumulative quantities analysis its not done and clearly detailed on time, the supplier forfeits the right to make future claims and receive any compensation for potential obsolescence.

## **11. LIABILITY**

### **11.1. Authorization periods**

- According to liability rule established by final customer (OEM) for the entire supply chain.

## **12. MISCELLANEOUS**

### **12.1. Logistics self-assessment**

- Logistics self-assessments are conducted by "Global MMOG/LE" (Materials Management Operations Guideline / Logistics Evaluation) by Odette on the new platform (MMOG.np)
- Supplier is responsible for providing the BASIC version of the latest MMOG version (currently v5.0) on a yearly basis or upon request
- Supplier must pay the license fee for MMOG.np and set up Lear as customer on their platform
- Completed assessments can be transmitted with the internal mailbox service of MMOG.np (Lear's mailbox: [odette-5531@mail2.mmogle.com](mailto:odette-5531@mail2.mmogle.com))
- On non-conform criteria supplier must be provide appropriate action plans with due dates which will be tracked by Lear

### 13. Appendix

#### 13.1. Ratio -> MDQ-MOQ / Yearly Material Consumption

Material	Format	MDQ	MOQ
Fabric	Rolls	2%	8%
Vinyl	Rolls	2%	8%
Leather	Rolls/Hides/CutKits	2%	8%
Textile	Rolls	2%	8%
Foam	Rolls	2%	8%
Retainers	pcs	8%	25%
Threads	pcs	8%	25%
Accessories	pcs	8%	25%

### 14. Attachments

- 14.1. Lear SSD Packaging Guideline Europe – TRIM
- 14.2. Lear Container Catalogue - JIT