



Logistics Agreement

Iber-Oleff

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Contents

1. Introduction	3
2. Scope	3
3. Delivery Policy	3
4. Guarantee of Supply	4
4.1 Production Capacity	4
4.2 Agreed Volumes	4
4.3 Flexibility	4
5. Delivery Plan	4
5.3 Delivery Time	5
5.4 Delivery Schedule	5
5.5 MOQ – Minimum Order Quantity	5
5.6 Order Confirmation	6
5.7 Order Cancellation	6
5.8 Amendments to Delivery Plan	6
6. Deliveries	7
6.1 Conditions for deliveries startup	7
6.2 Samples/Pre-series delivery	7
6.3 Warranty and After-Market Parts (post-production period)	7
6.4 Series Deliveries	8
6.5 Shortage of Material	8
6.6 Material Overflow	9
6.7 Non Conform Material	9
6.8 FIFO	9
6.9 Traceability	9
7. Packaging	9
7.1 Quantity per Packaging	10
7.2 Material Identification	10
7.3 Labelling	10
8. Safety Stock	11
9. Transportation	11
9.1 Transport Conditions	11
9.2 Dangerous Goods Transport	11
9.3 Urgent Transportation	12
9.4 Delivery Frequency	12
10. Contingency Plan	12
11. Continuous Improvement	12
12. Duration of the contract	12

1. Introduction

The continuous growth of worldwide competitiveness and client's expectations has lead Iber-Oleff and its supplier chain to a constant improvement on products, processes and services.

Iber-Oleff supplier chain plays a decisive role in the performance of these efforts.

In order to achieve this goal, Iber-Oleff expects suppliers to read, confirm and implement the Terms and Conditions mentioned in these Logistic Requirements.

The latest updated version of Logistic Agreement is available on Iber-Oleff website at www.iber-oleff.pt.

2. Scope

This Logistics Agreement, together with General Purchase Terms and Conditions, project specific requirements and the Quality Agreement constitute an integral part of the Supply Agreement between Iber-Oleff and its suppliers in the context of supplying the products described in the Purchase Order. It supersedes all previous written or verbal agreements.

This Logistics Agreement intends to regulate the deliveries of material and products between Iber-Oleff and its suppliers.

3. Delivery Policy

Iber-Oleff has a zero-defect policy regarding supplier's deliveries, not only in terms of quantity but also in terms of due dates of the supplied material.

In logistic terms, this concept implies that suppliers implement a management system for orders deliveries that ensures the fulfillment of 100% planned deliveries, by supplying orders in due time and quantities.

Nevertheless, in order to ensure the accomplishment of the order's deliveries in terms of quantity, Iber-Oleff shall perform a quantitative control in the Technical Reception area when considered appropriate.

4. Guarantee of Supply

Suppliers shall ensure the supply of materials in accordance with the project negotiated capacity and provide an agreed flexibility rate that allows the management of some variations along the project.

4.1 Production Capacity

Standard capacity allocated to each specific project must be confirmed to Iber-Oleff during quotation phase.

4.2 Agreed Volumes

Agreed volumes for a specific project must be confirmed during quotation phase, indicating nominal values and maximum annual and weekly volumes, during project lifetime and after-market.

4.3 Flexibility

Agreed flexibility rate must be of, at least, +/- 15% of the agreed volumes, unless otherwise agreed for a specific product or project.

5. Delivery Plan

5.1 Volume Forecast

Quantities and dates indicated in the plan sent to the supplier are for informational purposes only. Before initiating deliveries, quantities must be confirmed through the Delivery Plan.

Supplier acknowledges that any forecast provided by Iber-Oleff reflects the client's prevision and is for informational purposes only and that the previsions may change periodically.

5.2 Project Milestones

Supplier acknowledges and confirms the existence of an internal plan to guarantee the deliveries according to project key dates, which are defined according to client's plan, namely for prototypes, initial samples, pilot parts, series and after-market parts.

5.3 Delivery Time

- New material – the time period for Iber-Oleff to notify the supplier of new material orders is 4 to 6 weeks, depending on the type of material.
- Engineering Changes - the time period must be negotiated and agreed with the supplier and the client, ensuring on one hand the deadlines for introducing a new version and, on the other hand, minimizing along the whole supply chain the transition costs from the previous product to the new product in terms of stock and waste reduction. Supplier => Iber-Oleff => Client

5.4 Delivery Schedule

Iber-Oleff shall send, every fortnight or, at least, once a month, a Delivery Schedule with a forecast of the required quantities and delivery dates for a period of 6 months.

The schedules reflect forecast demands and will be updated every month. On the other hand, demanded quantities must reflect the agreed packaging quantity.

In the Delivery Schedule mentioned dates and quantities are considered F (firm) and other dates and quantities considered P (planned). Supplier must take into account that F (firm) are order confirmations and P (planned) are for informational purposes only.

Supplier has the possibility to receive the Delivery Schedule via Fax, e-mail or EDI.

5.5 MOQ - Minimum Order Quantity

Minimum Order Quantity must be negotiated and agreed in the beginning of the project and must take into consideration the most economical batch, the forecast consumption values, inventory costs and material lifetime.

It must be revised and updated when necessary, namely during project kick-off and series end of production.

5.6 Order Confirmation

Supplier engages to analyze the received delivery schedule and notify in written, no later than 2 days after receipt, if there is any reason that makes impossible to deliver ordered quantities on time.

Supplier shall give appropriate prior notice whenever there is a potential situation of non-compliance with the agreed and do every effort necessary to deliver according to the demands.

Supplier must ensure the delivery of the quantities defined in the Delivery Schedule, which is in accordance to the conditions mentioned in this Logistic Agreement.

Non-Compliance with the Delivery Schedule may imply penalties in what concerns the Supplier Performance Evaluation and charging with eventual costs at Iber-Oleff or the client (see paragraph 5.5 Shortage of Material and Quality Warranty Agreement paragraph 19 - Supplier Evaluation).

5.7 Order Cancellation

Orders sent as F (Firm) may be cancelled, provided that supplier is given prior notice of, at least, 3 weeks.

5.8 Amendments to Delivery Plan

Orders sent as P (planned) may be cancelled or changed whenever a delivery plan update occurs.

6. Deliveries

6.1 Conditions for deliveries startup

The only authorized documents for samples, series and after-market delivery and corresponding billing are the agreed documents: Purchase Order and Delivery Schedules.

6.2 Samples/Pre-series delivery

Supplier commits to deliver small quantities for tests or samples, if necessary.

Iber-Oleff policy regarding payment of samples is that these shall be delivered free of charges, whenever possible. The cost should be included in customer service.

When, for any reason, this is not possible, it should be invoiced as agreed with Purchasing Department and later, if approved and selected for series, the amount invoiced for samples shall be reimbursed with the first series delivery.

6.3 Warranty and After-Market Parts (post-production period)

During validity of this Logistic Agreement, supplier shall sell to Iber-Oleff all required material, under the agreed trade conditions, fulfilling the requirements for service and warranty parts during a minimum of 15 years after vehicle production end of program ("Post-Production Period"), unless otherwise agreed.

Iber-Oleff policy regarding after-market payment of materials is the following:

- a) 2 years after end of series supply, materials shall continue to be delivered at series price.
- b) After that period, they should be supplied at a maximum value of twice the last series price.

In the eventuality that the supplier suffers an acquisition or merger, the new entity shall maintain the obligations included in this Logistic Agreement.

6.4 Series Deliveries

Supplier startup of series delivery shall only occur after:

- a) Iber-Oleff validation and approval of the product.
- b) Purchase Order receiving.
- c) Placing orders by sending the Delivery Schedule.

Iber-Oleff also has to receive the material's technical and safety data sheet prior to any delivery from the supplier.

In case the above-mentioned requirements are not fulfilled, startup of deliveries may only occur upon a written derogation duly approved by the areas of Quality, Engineering, Logistics and Purchasing.

All material included in the Delivery Schedule must be in accordance with the specifications, drawings, samples, PPAP and all acceptance criteria agreed between Iber-Oleff Quality Department and Supplier.

The first 3 deliveries must be identified with Iber-Oleff standard labelling, in order to alert Technical Reception area of this situation.

6.5 Shortage of Material

In the eventuality of a breach in the deliveries, whether caused by the supplier or one of its sub-suppliers, that causes a production stoppage at Iber-Oleff or its client, supplier is responsible to make every effort to solve the situation and reduce the delays within the shortest possible time.

In case of rupture, supplier must give notice of the ongoing corrective actions and provide a daily delivery plan until the situation is solved.

Iber-Oleff or its clients due to shortage of supplies, Iber-Oleff is entitled to set up a cost recovery plan to supplier.

Supplier shall dispose of 15 days to respond and, at the most, 30 days to close a deal with Iber-Oleff regarding costs recovery complaints.

6.6 Material Overflow

Anticipated or overflow material shipping costs shall not be accepted by Iber-Oleff.

After agreement with supplier, Iber-Oleff shall:

- a) Return to supplier the exceeding quantities, or
- b) Disposal/scrap of the exceeding material, in both situations at supplier's expenses.

6.7 Non Conform Material

Whenever supplier delivers non-conform material, i.e., that doesn't correspond to what was required in the Delivery Schedule or, on the other hand, the material doesn't match the labeling, these shall be returned to supplier, at supplier's expenses.

6.8 FIFO

Logistic concept FIFO (First-In-First-Out) must be applied to all products delivered by supplier to Iber-Oleff, excluding specific situations previously agreed between both parties.

6.9 Traceability

Supplier traceability process must be effective. In this context, it must enable to identify for each product, the correspondent production batch of the applicable process. Besides, when applicable, supplier shall have implemented a strong traceability process that allows the identification of the material produced externally by its sub-suppliers.

Supplier's traceability system must ensure that:

- Each packaging is identified with its batch number;
- No more than two batches per shipment shall be sent

Iber-Oleff won't accept material without due traceability identification.

7. Packaging

Packaging must ensure the safe conditions of the material during transportation and storage.

Packaging must be in compliance with Iber-Oleff standard requirements, defined in Iber-Oleff Packaging Catalogue, and previously validated and approved.

7.1 Quantity per Packaging

Quantities per packaging for each type of material/reference must be previously validated and approved by Iber-Oleff.

7.2 Material Identification

Material included in the Delivery Schedule must be supplied duly identified in what refers to its description, product code, Quantity, batch and size, and it should be delivered together with a Shipping Notice or equivalent document, in accordance with current legislation.

Shipping notices and invoices must include a reference to Iber-Oleff order number, reference and designation, quantity, engineering level and product batch.

7.3 Labelling

Labels have to be approved by Iber-Oleff in advance and should contain the basic information mentioned on previous point.

7.4 Problems with defective packaging or quantity deviations

In case of packaging problems, identification or quantity variations noticed during receipt of material at Iber-Oleff, these problems shall be communicated to supplier, who should send an initial response in 48h and a final response within 15 days, indicating a corrective action plan for the situation.

Supplier must immediately replace the missing or defective material. All disputes must be solved in a maximum of 30 days.

8. Safety Stock

Supplier shall keep in storage, available to deliver at any time, an agreed quantity correspondent to 1-2 weeks needs of average consumption, estimated on a 6 months forecast needs calculation.

Safety stock available at supplier is the maximum quantity above monthly forecasted quantities that supplier shall have to supply.

In case Iber-Oleff requires additional quantities above the safety stock, supplier shall not be held responsible for the impossibility of fulfilling the request.

Nevertheless, Supplier shall implement all due diligences in that sense and, together with Iber-Oleff, come out with an acceptable solution in order to solve the situation.

9. Transportation

9.1 Transport Conditions

Transport conditions shall be as negotiated and indicated in the Purchase Order.

Supplier shall check together with the carrier that the shipment is in due conditions in terms of packaging and quantities, according to documentation, and obtain the carrier's signature on the delivery document. Supplier shall prepare all required legal documentation for each shipment.

9.2 Dangerous Goods Transport

Transport of dangerous goods requires special attention, due to the consequences that may arise in case of accidents.

This kind of transport is subject to certain pre-established requirements, as well as to the fulfillment of determined safety conditions from the shippers, vehicle owners and packaging suppliers.

9.3 Urgent Transportation

Supplier is required to use the agreed normal transport. In case of need to use urgent transportation, if it is of supplier's responsibility, Iber-Oleff shall be previously informed.

In the event that the urgent transport is of Iber-Oleff responsibility, Logistics Department shall give supplier notice of the carrier company and set a time and date for the material to be collected.

9.4 Delivery Frequency

Agreed address and frequency of deliveries is indicated in the Delivery Schedule. In case of special or urgent deliveries, both parties shall agree the date and time of delivery.

10. Contingency Plan

Supplier shall have implemented a Contingency Plan ready to deal with unexpected situations, in order to protect and reduce the impact in material supply to Iber-Oleff.

11. Continuous Improvement

A regular exchange of information on the evolution of production capacity versus client's orders, packaging suitability, transport frequency, amount of stock at Iber-Oleff and Supplier is in the interest of both sides, in order to improve logistics and avoid material overflow or obsolete material.

12. Duration of the contract

This Logistic Agreement shall remain valid for the same period of time as the supply contract or agreement established in the Purchase Order or by any other agreed means and in accordance with the procedures described in Iber-Oleff General Purchase Terms and Conditions.

13. Editions

Edition	Date	Comments
1.0	28-08-2014	Preparation of the document "Logistic Agreement"
2.0	19-03-2021	Added the point "13. Editions"



IBER-OLEFF



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