



Delivering Innovation™

Material Planning & Logistics Manual*

****FOR CANADA LOCATION ONLY****

*Replaces Material Control Systems Requirements and Information 10th Edition



PURPOSE AND SCOPE

The Materials Planning and Logistics Manual is created as an invaluable tool for instructing our suppliers on how to best provide top quality service to our customers per Litens Canadian (LAP) standards.

Our Supply Chain Vision is to streamline the supply chain to ensure our customers receive the right product delivered to the right place at the right time in the right packaging with the right documents/invoices. We strive to achieve full integration with our supplier and customer base supported through clear business decision making efforts provided with the assistance of our suppliers and Inventory Control team. Your contribution to understanding and fulfilling our requirements will provide the Litens team with invaluable insight to make strategic decisions for our company.

The manual contains systematic procedures for various day to day tasks required from our supplier base to achieve 100% Litens Supplier Ratings. Any chronic low rating can result in no new business or lost business.

This manual works in cooperation with MAN-00005, Litens Packaging Handbook and MAN-00007, Supplier Quality Handbook, and does not replace them. Please ensure you also understand and adhere to their management principles.



MATERIAL PLANNING & LOGISTICS MANUAL

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1. RELEASE MANAGEMENT

Releases are sent by either traditional or web EDI weekly to all suppliers. It is the suppliers responsibility to ensure receipt of these and follow up with their Release Analyst in the event they are not received.

Releases are re-issued to suppliers on a weekly cycle. If a supplier required ship date falls within 36 hours of the receipt of the new release, they can ship to the previous weekly release requirements without penalty.

In this section we seek to educate the supplier on the fundamental interpretations of Litens release requirements. Please see below for a sample of a release authorization. We will clearly explain the details and requirements.

2	1	PO Number	Ship Via	Terms	Freight Terms	4	5							
		PD00585		LAST DAY MONTH FOLLOWING										
Item	Item Description	ECN Level	Line UM B	Ship Pattern	3	Last Rcpt	Last Qty	Cum YTD	Rel#	6				
1005678C01	Pulley Plated IPC Flat F		130	PC		5/13/19	6120	79560		22				
7	Ship Date	NET	Required	CUM	Required	FQ	TQ	Ship Date	NET	Required	CUM	Required	FQ	TQ
	5/20/19		2040		81600	C	W	5/23/19		2040		81600	C	W
	6/03/19		4080		85680	C	W	6/10/19		2040		87720	C	W
	6/24/19		4080		97920	C	W	7/01/19		8160		106080	C	W
	7/15/19		2040		112200	C	W	7/22/19		2040		114240	C	W
	8/05/19		4080		124440	C	W	8/12/19		2040		126480	C	W
	9/09/19		2040		130560	C	W	9/23/19		2040		132600	C	W
8	Current Auth:			Auth Cum	YTD High	Auth:		Auth Cum	Release	Comments				
	FINISHED	7/12/19		87720	FINISHED	4/17/19		91800						
	MATERIAL	8/16/19		112200	MATERIAL	4/17/19		124440						
									9					

1. Litens Blanket PO (Purchase Order) Number.
2. Litens Component Item # - This must be clearly included on all documentation including Packing List, Bill of Lading, Invoice and ASN.
3. Last Rcpt – Last Receipt Date. This is the last date that Litens received this item.
4. Last Qty – This is the last quantity that Litens received this item.
5. Cum YTD – This is the YTD Cum received for this item. Supplier shall track and resolve any discrepancies between its cumulative YTD shipped to Litens Cum YTD received (5) on a weekly/daily basis dependent on release frequency. The supplier shall ship parts according to Litens cum less parts in transit until the discrepancy has been resolved. Cum discrepancies will cause over/under shipments and must be treated as a priority to correct with the Release Analyst. Escalation to the Inventory Supervisor if required.
6. Current Litens Release #.



7. Release Information:

- a. Ship/Delivery Date – Please carefully review this. It will either state Ship Date or Delivery Date.
 - i. Ship Date is the date the supplier is required to ship the production to Litens. Delivery date is the date the product is required to arrive at Litens. Transit days to Litens will need to be considered if you are shipping to a Delivery Date.
 - ii. Ship Date Only – Supplier must consider pick up date per transportation date provided from Litens Freight Forwarder/Logistics Team.
- b. NET Required is the quantity required for that release for that date.
- c. CUM Required – Litens Cum is the rolling accumulation of the Net Required (Received + Net Required).
- d. FQ – Forecast Qualifier:
 - i. A – Immediate which means the requirement is past due and is required immediately. This may be caused by a supplier missed shipment or an increase from Litens.
 - ii. C – Firm Order. Firm does not mean Frozen. It is based on the Material Authorization only.
 - iii. D – Forecast/Planning Order only. These may fluctuate and are for planning purposes only
- e. TQ – Time Qualifier – frequency of release. In this example it is a weekly requirement.

	Ship Date	NET Required	CUM Required	FQ	TQ
7	5/20/19	2040	81600	C	W
	6/03/19	4080	85680	C	W
	6/24/19	4080	97920	C	W
	7/15/19	2040	112200	C	W
	8/05/19	4080	124440	C	W
	9/09/19	2040	130560	C	W



8. Current Finished and Material Cum Authorizations
 - a. FINISHED Authorization Date – The supplier is covered for finished goods produced to the cum on this date. In this example the supplier is covered for finished goods produced to the June 10th cum as this is an overseas supplier (July 12th – 4 weeks transit = June 10th). Transit times must be deducted from this date. If you are unsure of your planned transit times, please review with your Release Analyst for clarification.
 - b. MATERIAL Authorization Date – The supplier is covered for raw material purchased to the cum on this date. In this example the supplier is covered for raw material purchases up to and including July 15th (August 15th – 4 weeks transit)
9. YTD High – the Year to Date High for the cum that Litens has authorized the supplier for. In the event of an item discontinuation, this would be considered for compensation to the supplier in conjunction with the Finished and Material Authorization dates.

Requests for minimum run authorization or set up charges shall be submitted in writing to the Release Analyst for approval. Upon receipt the Release Analyst will review production requirements and may choose to accept the setup charge/minimum run or provide an alternate quantity.



2. SUPPLIER DELIVERY SCHEDULES

When a supplier cannot meet release requirements, the supplier shall provide a supplier delivery schedule to their Release Analyst 2 business days after receipt of their requirements including the following information:

- Part number
- Release number
- Quantity due
- Date due
- Quantities and dates parts will be available

The delivery schedule should cover the entire time required to catch up with Litens' requirements. This schedule may need to be resubmitted weekly based on the new releases as we are unable to freeze the changes.

The Release Analyst will review the schedule and, where required, will work with suppliers to finalize the best delivery schedule possible. If the delivery schedule is unacceptable and expedited freight is required, the supplier is to assume responsibility for the cost. Litens will maintain the authority over which carrier to use. **Failure to submit the delivery schedule within 48 hours will result in delivery performance point loss.**



3. SUPPLIER EXPEDITE REPORT

The Supplier Expedite Report is a collaborative report for the supplier to provide feedback to Litens of their supply plan, and any issues that may exist. It also provides the supplier with an opportunity to review Litens' daily usage to gain a better understanding of their true supply requirements (eliminating safety stock). It does not include all parts on release, only items where our plant production schedule drives our current on hand of raw material below our safety stock or into a negative on hand position.

Frequency of this report generation will be determined by the Supplier and their Release Analyst. Suppliers are responsible to respond by email to their Release Analyst by 2pm on the same day for requirements required within 24 hours. If there are threats to Litens supply, the supplier is responsible to call the Release Analyst immediately to escalate the situation and continue to escalate until contact is made. Alternatively, the report is required by end of day. **Responses are required for at least 10 working days of the report horizon.**

ample of the Expedite Report is shown below. It clearly details the shipment location, Supplier Code, Date the Report was run and the Schedule Horizon (how many days out it covers).

It covers the following:

Supplier Expedite Report

Location: Courtland | Supplier: All | Report Date: 02/06/19 | Schedule Horizon: 14 Days

The dates indicated in Column C are the dates the material is required at Litens. The material must be delivered to Litens at least two days in advance of the production date. If any concerns, please contact the Release Analyst at Litens.

Vendor	Planner	Item#	StandardPack	Release Date	Litens O/H @ 7:00a	Weekly Demand	Release Qty	Fullfill Promisi	Alternate QTY	Supplier Comment
COO1	120	2421350	5,400	02/06/19	3,917	1,620				
				02/13/19	1,068	2,849		No		
				02/14/19	11,811	2,879		Yes		
				02/15/19	15,287	1,476		No		
DAE1		2100478	1,000	02/15/19	245	320		Alter		
DYN1	110	402016A	50,000	02/06/19	476	1,620				

1. Vendor Code – Supplier’s Code at Litens
2. Planner – Release Analyst responsible for the account
3. Item # -- Litens Item #
4. Standard Pack
5. Release Date – Date the product is required **AT LITENS**
6. Litens O/H @ 7:00a – Snapshot of Litens inventory at 7 am the day it was run
7. Weekly Demand – Litens production demand that will consume parts for the corresponding release date



8. Release Qty – Quantity to be Released to Litens by the supplier to arrive on the specified release date.
9. Fulfill Promise – Can the Supplier fulfill the Release quantity to be delivered to Litens on the specified date. There is a drop down on this field. The supplier is to complete as follows:
 - a. Yes – The supplier is able to fulfill the release, cell will turn green and populate the inventory update
 - b. No – The supplier is unable to fulfill the release, cell will turn red and reduce the inventory accordingly, illustrating when Litens supply will go down to 0 by showing a negative inventory projection.
 - c. Alter – The supplier is able to complete a partial shipment on the required release date. Supplier is to enter the quantity they can provide on that release date, cell will turn yellow and the inventory projection will update to clearly see if Litens production is at risk.
 - d. In both the “No” and “Alter” scenarios, the supplier is required to supply a Delivery Schedule, as discussed in Section 3 – Supplier Delivery Schedules. Supplier may be responsible for the premium freight.
10. Alternate quantity – If the supplier chooses Alter promise they must enter the proposed alternate delivery quantity.
11. Supplier Comment – free form text for supplier input

4. BULK PACKAGING AND ALLOWANCES

Bulk packaging refers to a system of packing parts in which the quantity fluctuates from pack to pack or bin to bin. This is usually found in cases where Litens’ bins are used and parts are filled to a certain level so that they come close to the approved standard pack.

The amount of fluctuation in quantity from pack to pack is controlled by applying an allowance which limits the deviation around the approved standard pack. Suppliers shall request a bulk pack allowance percentage where appropriate. Litens will communicate to suppliers any approved bulk pack allowances. Allowances may be re-evaluated from time to time by Litens. The supplier may also submit a request along with a reason for changes to their bulk pack allowance. Requests shall be submitted to Litens Release Analyst.

Delivery performance calculations will incorporate the bulk pack allowance percentage.



5. SUPPLIER BIN TAGS, BOX, SKID LABELS & SHIPPING DOCUMENT REQUIREMENTS

All supplier bin tags, box labels, skid labels, packing slips, invoices and ASN's shall include the correct Litens part numbers, revision levels and quantities.

For further detail on bin tags, box labels and skid labels please refer to Litens Packaging Handbook Labelling and Identification System.

For all suppliers accurate shipping documents must accompany the shipments. Overseas suppliers are required to supply 4 copies.



6. ADVANCE SHIPPING NOTICE (ASN)

All shipments to Litens shall be followed immediately by an Advance Shipping Notice (ASN) as soon as the parts have left the supplier's dock. ASN shall be sent by EDI/WEBEDI. There must be only one ASN per shipment. ALL ASN'S SHALL CONTAIN THE FOLLOWING INFORMATION AND SHOULD MATCH EXACTLY WITH THE INFORMATION ON THE SKID LABEL:

1. DATE AND TIME: The date and time at which the shipment left the supplier's dock
2. BILL OF LADING NUMBER: The bill of lading or packing slip number on which the shipment of parts will appear. There should be a single packing slip for each plant per shipment to Litens. The packing slip number must be referenced as the shipper number on the ASN. This number must match the number that is sent on the invoice (ideally, the shipper number on the ASN would be the packing slip number which would then be the invoice number)
3. LITENS PART NUMBER: Litens part numbers including revision for each part shipped.
4. QUANTITY SHIPPED: The quantity of each part shipped
5. CONTAINER TYPE: The bin code used for shipping each part number. The supplier is required to include the bin type used for each part number and bin type. If multiple bin types are used for a single part number, the supplier is required to send each bin type. See the acceptable codes in section 9 below.
6. NUMBER OF CONTAINERS: The total number of containers (Litens' bins, skids, boxes, totes etc.) used in the current shipment. In the case of Litens' bins, the number of each type of bin. (See section 9 below.)
7. MODE OF TRANSPORTATION: This may include:
 - a. Litens truck
 - b. Litens approved carrier
 - c. Supplier's truck
 - d. Federal Express
 - e. Courier
 - f. Air freight shipment
8. WAY BILL NUMBER: For air freight and courier shipments a way bill number must be provided.



7. REJECTED MATERIAL

When parts are declared defective by Litens Quality Assurance Department (i.e. issuance of a SCAR) the defective material may need to be replaced. Once Litens QA has informed the supplier about the rejected material, the supplier shall provide a Supplier Delivery schedule for replacement parts to the Litens Release Analyst/Expeditor. After the schedule has been received and agreed upon, the Release Analyst/Expeditor will issue the appropriate release.

Suppliers shall ship the certified/replacement material to Litens at their cost. Suppliers can contact the Release Analyst/Expeditor to request authorization to ship replacement material, or to have defective material returned, using the pre-scheduled delivery route. If approved, freight charges will not apply.

Please note that when a quantity of parts is returned as being defective, the cum received for that item will be reduced by an equal quantity.

8. LITENS SUPPLIED BINS

APPROVED USAGE – Some suppliers are provided with Litens’ bins for packing parts for shipment. Suppliers shall not use Litens’ bins for storing finished goods beyond the Fabrication Authorization, or the Material Authorization if Fabrication Authorization is not given. Litens’ bins shall not be using for storing quarantined parts, work in process parts or scrap material. Litens will determine the number of bins allotted to each supplier and will monitor the level of bins at each supplier’s facility

PHYSICAL COUNTS – Litens’ bins are considered customer supplied product and are subject to periodic requests for physical counts and reconciliation.

BIN CODES AND DESCRIPTIONS – Container sizes and representative codes Litens may use from time to time are as follows (dimensions given for bins are internal and in cm):

		LENGTH	WIDTH	HEIGHT
LIT1	FULL SIZE BIN	96	70	64
LIT2	HALF SIZE BIN	96	70	32
LIT3	QUARTER SIZE BIN	96	70	16
SUP1	SKID	VARIABLE		
SUP2	BOX	VARIABLE		



9. LITENS SUPPLIED PRODUCT (OFF PREMISE INVENTORY)

This section applies to all suppliers who use Litens' supplied material and ensure responsibilities and expectations are clearly defined to ensure the accuracy of Litens inventory held by suppliers off premise.

SUPPLIER RESPONSIBILITIES:

- The supplier is responsible to provide an accurate physical count of all Litens owned inventory held at their location monthly which is based on Litens Accounting Periods.
- **STATEMENT OF OFF PREMISE INVENTORY:** Complete and return by email the Statement of Off-Premise Inventory to the attention of Litens Release Analyst on the date specified in the schedule provided by Litens. The schedule of monthly cut-off dates will be provided at the beginning of each years by your Release Analyst. All off-premise inventory reports must be emailed to the attention of your Litens Release Analyst by 4 pm on the date indicated by the schedule. Any problems due to the use of improper cut-off time and date will result in the Off Premise Report being returned to the supplier for further evaluation. It is the supplier responsibility to provide appropriate documentation for any disputed balances. Once the report has been reviewed and agreed upon Litens Release Analyst a copy will be sent back to the Supplier for final sign off.

LITENS RELEASE ANALYST RESPONSIBILITIES:

- Review and reconcile to Litens information on Statement of Off-Premise Inventory and update Litens computerized management system. Return by email to the supplier the acknowledged Statement of Off-Premise Inventory for final signature.



Below is an example of the Statement of Off Premise Inventory Report, as well as an explanation on how to interpret and use the information.

Litens automotive group
STATEMENT OF OFF-PREMISE INVENTORY

SUPPLIER: Douglas LTD
 ACCOUNTING PERIOD: Apr 24, 2017 - May 19, 2017
 COMMENT: [Blank]

SHADED AREAS ARE FOR USE BY LITENS AUTOMOTIVE ONLY

PART NUMBER	OPENING BALANCE	RECEIVED	IN TRANSIT TO SUPPLIER	SALVAGED COMPONENTS	RETURNED FROM LITENS	SHIPPED ON RELEASE	IN TRANSIT FROM SUPPLIER	SHIPPED ON SAMPLES	RAW COMPONENTS RETURNED	QA REJECT / HOLD	PROCESS SCRAP	CLOSING BALANCE	PHYSICAL COUNT VARIANCE	VARIANCE	RESERVED BALANCE
Litens Use:	0											0	0	N/A	0
206115A	22743											22743	0	0	22743
Litens Use:	22743											22743	0	N/A	22743
206136A	18663											18663	0	0	18663
Litens Use:	18663											18663	0	N/A	18663
206152A	0											0	0	0	0
Litens Use:	0											0	0	N/A	0
206166B02												#VALUE!	0	#VALUE!	#VALUE!
Litens Use:												#VALUE!	0	N/A	#VALUE!
206093B01	14											14	0	0	14
Litens Use:	14											14	0	N/A	14

Supplier: _____ Date: _____
 (Sign, date and email to Litens)

Litens: _____ Date: _____

1. ACCOUNTING PERIOD: Reporting month date (Cut off time will always be at 4 pm on the last day of the closing period).
2. PART#: Component provided to supplier by Litens.
3. OPENING BALANCE: Previous month's agreed upon end balance.
4. RECEIVED: Total of that component received from Litens during the accounting period.
5. IN TRANSIT TO SUPPLIER: All shipments leaving Litens by 4 pm on the last day of the cut-off but not yet received by the Supplier (still in transit).
6. SALVAGED COMPONENTS: Components reported last month as QA HOLD or REJECT that have been returned to good inventory by the supplier.
7. RETURNED FROM LITENS: Total of parts returned to original component supplier from Litens (vendor returns).
8. SHIPPED ON RELEASE: Total of all shipments made to Litens for consumption during the accounting period.
9. IN TRANSIT FROM SUPPLIER: All shipments that were shipped from the Supplier by 4 pm but not yet received by Litens.
10. SHIPPED ON SAMPLES: Total of shipments made to Litens on a Sample Purchase Order during accounting period.
11. RAW COMPONENTS RETURNED: Unprocessed parts returned to Litens during the accounting period.



12. QA REJECT/HOLD: Total of any suspect material or material that is found out of spec or quarantined for any other reason awaiting disposition during the accounting period.
13. PROCESS SCRAP: Total of scrap that is generated during set up of a machine or during a production run during the accounting period.
14. CLOSING BALANCE: Opening Balance + Received + In transit to Supplier + Returned from Litens – Salvage Components – Shipped on Release – Shipped on Samples – Raw Components Returned – QA Reject/Hold – Process Scrap. (The closing balance must be based on the actual physical count of all parts, including in process parts in the supplier's possession). Formula is automated.
15. PHYSICAL COUNT VARIANCE: Total loss or gain after performing a physical count (difference between the quantity counted and the calculated closing balance). Physical count losses that are considered excessive can be charged back to the supplier.
16. VARIANCE: The variance will be calculated by your Release Analyst at time of reconciliation.
17. RESOLVED BALANCE: Closing Balance +/- physical count variance. Formula is automated.

10. PREMIUM FREIGHT

Suppliers shall be held responsible for expedited and non-expedited freight costs when any of the following situations arise:

- The return of defective material to the supplier and the shipping of replacement parts to Litens, unless the supplier receives authorization to ship these parts on a Pre-Scheduled Delivery Route vehicle.
- The supplier did not ship according to the current release.
- The supplier has over-shipped parts and parts are being returned.
- The supplier did not use a Litens approved carrier.

The supplier shall maintain proper documentation to dispute any freight charges.



11. SUPPLIER DELIVERY PERFORMANCE MEASUREMENT

It is each supplier's responsibility to establish system to support 100% on time delivery and to complete internal corrective actions to improve delivery and communication of delivery problems. Suppliers are also responsible to ship material according to their specified transportation mode, routing, standard pack, container, Advance Shipment Notification or other Litens requirement.

See MAN-0007 Supplier Quality Manual for further detail.

Delivery tolerances are as below:

- +/- 0 Days Late/Early
- +/- 10% Standard Pack
- 0% ASN Failure

To calculate your on time delivery rating, take the number of accurate receipts and divide by the total number of receipts during a month. Multiply by 100 to get the rating as a percentage or:

$$(\# \text{ of Passes} / \text{Total Number of Receipts}) \times 100 = \text{OTD Rating Percentage}$$

DELIVERY DISPUTE PROCESS:

- Provide a brief explanation of the Litens caused error you were penalized for along with the requirement documentation by the dispute deadline dates. Dispute deadlines are 5 working days from the email date posted in the Litens Supplier Rating System. Late disputes will not be considered.
- Any supporting written proof submitted for dispute must come from the Litens Material Control Team
- Send dispute documents to: supplierdeliveryrowntree@litens.com or supplierdeliverycourtland@litens.com
- Supplier disputes are considered when proof of the following circumstances are provided:
 - Litens Release Volatility +/-20% Variance
 - Capacity constraints – short term issues are addressed with Material Control using shipping schedules. Long term issues are addressed with Litens Purchasing Manager.



The supplier must look at the prior week's release and provide formal proof/email from Material Control stating under/over shipment was approved. These cannot be disputed unless the supplier received written agreement but did not receive a revised release for the week the concern took place.

Adjustments made to the weekly ratings will be reflected in your next monthly report card. You will be advised in writing of any revised ratings.

DISPUTES AFTER THE DUE DATE WILL NOT BE ACCEPTED.



12. LOGISTICS PROGRAM

The supplier will be notified of their logistics program by their Release Analyst. From time to time the schedule will be reviewed and changes will be communicated to the supplier by the Release Analyst.

MILK RUNS: The supplier will be provided a day and time on which the shipment will be picked up. If the supplier's shipment will not be ready for pick up on the designated day and time, the supplier shall contact the Logistics Dispatch Supervisor. Failure to communicate could result in additional charges.

OVERSEAS SUPPLIER: The supplier will be provided with the name and contact information of Freight Forwarder employed by Litens in their region. The supplier shall contact the Freight Forwarder to confirm day of the week and cut off times for shipments.

EXPEDITED SHIPMENTS: In the event of a supplier responsible expedite the supplier shall advise the Logistics Dispatch Supervisor of the date and estimated arrival time, the number of skids/bins that are being expedited and the name of the carrier used. Litens may choose to designate their own carrier, dependent upon the urgency. This information will be used to ensure that a receiving dock can be made available at the scheduled arrival time.

13. LITENS' HOLIDAYS, VACATIONS AND SHUTDOWNS

LITENS' HOLIDAYS, VACATIONS & SHUTDOWNS

If a scheduled ship or delivery day falls on any of Litens' recognized holidays or planned shutdowns, suppliers shall contact the Release Analyst for instructions. The requirements may be brought forward, pushed back or dropped dependent on Litens' production requirements. DO NOT ASSUME THAT LITENS WILL NOT REQUIRE PARTS DUE TO THE HOLIDAY.

SUPPLIER HOLIDAYS, VACATIONS & SHUTDOWNS

If a scheduled ship day falls on a supplier's non-production day, the supplier shall follow the Supplier Delivery Schedule process outlined previously in this manual. SUPPLIER SHALL NOTIFY LITENS' RELEASE ANALYST OF ANY PLANNED HOLIDAYS/SHUTDOWNS AT LEAST ONE MONTH IN ADVANCE OF SHIPPING REQUIREMENTS.