



INTERNATIONAL SUPPLIER GUIDELINES

GENERAL INFORMATION

Policy Contact:	Bonnie Smith, Logistics Way		Effective Date:	04/22/2026																											
Policy Owner:	<table border="1"> <thead> <tr> <th>Area / Scope</th> <th>Policy Owner</th> <th>Function</th> </tr> </thead> <tbody> <tr> <td>General</td> <td>Paule Tchiegne Wandji</td> <td>Logistics Way</td> </tr> <tr> <td>EDI</td> <td>Andrew Sorensen</td> <td>Production Planning</td> </tr> <tr> <td>Transportation</td> <td>Dylan Williams</td> <td>Logistics Operations</td> </tr> <tr> <td>D-13 Packing and Shipping Standard</td> <td>Kim Jones</td> <td>Logistics Operations</td> </tr> <tr> <td>Trade Compliance</td> <td>Renata Rocha</td> <td>Import / Export</td> </tr> <tr> <td>International Integrated Supplier Delivery</td> <td>Joe Ruge</td> <td>Supply Chain Operations</td> </tr> <tr> <td>Supplier Chargeback Policy</td> <td>Randy Diaz</td> <td>Logistics Finance</td> </tr> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Area / Scope	Policy Owner	Function	General	Paule Tchiegne Wandji	Logistics Way	EDI	Andrew Sorensen	Production Planning	Transportation	Dylan Williams	Logistics Operations	D-13 Packing and Shipping Standard	Kim Jones	Logistics Operations	Trade Compliance	Renata Rocha	Import / Export	International Integrated Supplier Delivery	Joe Ruge	Supply Chain Operations	Supplier Chargeback Policy	Randy Diaz	Logistics Finance				Version:	1.8
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Referenced Policies:	navistarsupplier.com/Supplier Guidelines/Supplier Guidelines.aspx																														
VW KRL/TRATON:																															



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INTRODUCTION

OUR COMPANY

Few companies can lay claim to a history like International. From a one-man company built on the world-changing invention of the McCormick reaper in 1831, to the 15,000-person-strong company we are today, our story is firmly rooted in everyday experiences. It is our commitment to steady progress, steadfast partnerships, and our will to get things done, no matter what the challenges we may face, that has made it possible. And it is what makes us International.

As of 2021, we joined Scania, MAN and Volkswagen Truck & Bus in TRATON GROUP, a global champion of the truck and transport services industry. By tapping into each of our unique capabilities and scaling solutions across the group, we aim to transform the transportation industry together.

Based in Lisle, Illinois, International creates solutions that deliver greater uptime and productivity to our customers throughout the full operation of our commercial vehicles. We build International trucks and engines and IC Bus® school and commercial buses, as well as develop Fleetrite aftermarket parts. In everything we do, our vision is to accelerate the impact of sustainable mobility to create the cleaner, safer world we all deserve.

VISION AND STRATEGY

From reaper to tractor. From tractor to truck. From diesel to electric. From the world we have now, to the world we believe in. At International, we are committed to the road ahead and to collaborating closely with our suppliers, partners, dealers, and customers to close the gap between today and the cleaner, safer world we all deserve.

PROCUREMENT & SUPPLY CHAIN

The Procurement and Supply Chain group's vision is to drive sustainable innovation and cost competitiveness. Our mission is to support International's products with best-in-class strategic sourcing and supplier relationship management by delivering the best total cost, quality, and delivery, through people working together, a Lean Enterprise, and acquiring customer satisfaction.

INTERNATIONAL SUPPLY CHAIN

This group represents the following International facilities: Springfield Assembly Plant (Springfield, OH); Cab Assembly (Springfield, OH); Rollins Export Operations (Springfield, OH); Tulsa Bus Plant (Tulsa, OK); International Mexico Escobedo Plant Line 1 and Escobedo Plant Line 2; San Antonio Assembly (San Antonio, TX); and Huntsville Engine Plant (Huntsville, AL). Supply Chain is responsible for key elements for all Tier 1 production components supplied to all the above-mentioned facilities.

Please direct questions or concerns not addressed below to your International Procurement representative.

ELECTRONIC DATA TRADING PARTNER SET-UP

Electronic Data Interchange (EDI) is an electronic exchange of routine business transactions using standard data formats and integrating them into software applications and business processes. All suppliers are required to comply with International Motors's EDI requirements within sixty days of notification. Failure to do so may result in \$50/day non-compliance fee, at the buyer's option, until the requirements have been met. International Motors facilities utilize EDI transactions to facilitate communication with its suppliers. These transactions utilize the American National Standards Institute's (ANSI) X-12 Standard and are supported by the Automotive Industry Action Group's (AIAG) Automotive Industry Implementation Guides. These "Implementation Guides" for applicable transactions can be found at <http://www.navistarsupplier.com/> under the "EDI" tab. For more information on the American National Standards Institute (ANSI) please visit <http://www.ansi.org>; or, for more information on the Automotive Industry Action Group please visit <http://www.aiag.org>.

International's ISA ID: **01:781495650**



International's VAN Service: **Liaison Exchange Network**

Our GS ISs are as follows:

Springfield	Plant 002	GS ID 049645120
Escobedo Line 1	Plant 011	GS ID 102239394
Tulsa	Plant 014	GS ID 959833575
Cab Assembly	Plant 015	GS ID 147809631
Escobedo Supply Center	Plant 016	GS ID 161984646ESC
Export/Rollins	Plant 025	GS ID 526886337
San Antonio	Plant 044	GS ID 118133050
Escobedo Line 2	Plant 065	GS ID 161984646
Text Message	Plant 081	GS ID 781495650MSG
Accounting	Plant 440	GS ID 806203014

The Truck and Engine Group utilizes the following EDI transactions sets:

- 1.1.1 820 – Remittance Advice – Select Suppliers
- 1.1.2 824 – Application Advice
- 1.1.3 830 – Planning Schedule with Release Capability
- 1.1.4 846 – Inventory Inquiry/Advice
- 1.1.5 856 – Ship Notice/Manifest (Advanced Shipping Notice)
- 1.1.6 861 – Receiving Advice/Acceptance Certificate
- 1.1.7 862 – Shipping Schedule – Select Suppliers
- 1.1.8 864 – Text Message – Select Suppliers
- 1.1.9 866 – Production Sequence – Select Suppliers
- 1.1.10 997 – Functional Acknowledgement

EDI PROCESS FLOW

ELECTRONIC DATA INTERCHANGE PROCESS FLOW (EDI)

Please refer to <http://www.navistarsupplier.com/> for EDI Implementations Guides and Business Process Guides located under the EDI tab.

Process Flow

- 830 Material Release is transmitted once a week and will contain actual truck orders and production forecasts. This will serve as a shipping authorization for most suppliers identified by each of the Truck Assembly Plants.
- 862 Shipping Authorization can be transmitted as many as 5 days per week (at the plant's discretion) to select suppliers and will be used to communicate daily line set requirements and actual truck orders.
- 864 Text Message is transmitted as needed and will communicate plant or operational announcements via EDI.
- 866 Production Sequence is transmitted daily to select suppliers and will be used to identify component requirements in actual production build sequence, for transport directly to the plant assembly line. All requirements within EDI 866 are for truck orders that have been committed, firmly coded, and established to build sequence. Attribute Based Release (ABR's) are communicated through 866 and consist of a grouping of feature part numbers.
- 997 Functional Acknowledgement must be transmitted from supplier within 24 hours of document receipt.
- Supplier ships all material to each Truck Plant or the respective Truck Plant's alternate ship to location. A full listing of each plant's alternate ship to locations is available at http://www.navistarsupplier.com/EDI/EDI_General.aspx



- **The supplier must transmit an accurate and complete EDI 856 to the receiving Truck Plant at the time of shipment. Please refer to http://www.navistarsupplier.com/EDI/EDI_Implementation_Guides.aspx for a complete list of 856 requirements.** This ASN along with a quick receive label attached to the packing list will be used to facilitate receipt into the Logistics Provider or assembly plant facility as well as the subsequent generation of ERS (Evaluated Receipt Settlement) Payment process.
- International Motors transmits a 997 confirming electronic receipt of the EDI 856.
- International Motors transmits EDI 861 for receipt of discrepancies related to EDI 856 or missing ASNs.
- International Motors transmits EDI 824 advising of internal data issues related to EDI 856. Please refer to http://www.navistarsupplier.com/EDI/EDI_General.aspx for the Appendix of 824 Error Codes.

ELECTRONIC RECEIPTS SETTLEMENT (ERS)

Electronic Receipts Settlement (ERS) is a business process between trading partners that conduct commerce without invoices. The ERS payment to the supplier is based on the EDI 856 Advanced Shipping Notice transmitted to the Plants. The supplier will be paid via a paper check, but the advice on remittance will be EDI820 Electronic Remittance Advice. This Advice will list all invoices paid on the referenced check, and this includes invoices for locations that are not ERS. The ERS invoices will also have the part number of detailed information (part number, quantity, unit price, and receiving ticket number). **The suppliers' IT department will need to provide the EDI820 Electronic Remittance Advice to their Accounting Departments so that they can reconcile their Accounts Receivable.** You may access the *Evaluated Receipt Settlement (ERS) Invoicing Procedures* at <http://www.navistarsupplier.com/> and click on the "Payment Instructions/Evaluated Receipt Settlement (ERS)" tabs

TRANSPORTATION

Effective November 17, 2025, DSV has assumed responsibility for all global (overseas) shipments previously managed by Ryder.

For International's overseas suppliers requesting an air or ocean booking, please contact the appropriate DSV 4PL Control Tower group email for your region, in addition to us.sha.4pl.int.motor@dsv.com. The 4PL team with DSV will address any questions concerning booking creation, booking request forms, login credentials for the SCM (DSV) tool, etc.

EU suppliers (**ONLY**) currently providing support to Huntsville (HPP) and arranging ocean bookings through the INET portal (Scania Logistics) to the consolidation point in Hasselt (Netherlands) should continue to do so. The transition to DSV will not affect this existing process. Additionally, for EU suppliers supporting Huntsville (HPP), all air bookings will be through DSV as well.

- APAC (Asia-Pacific): PO.CT.APAC.Booking.INTLMOTORS@dsv.com
- EMEA (Europe, the Middle East, and Africa): PO.CT.EMEA.Booking.INTLMOTORS@dsv.com
- LATAM (Latin America): PO.CT.LATAM.Booking.INTLMOTORS@dsv.com

***As mentioned above, effective November 17, 2025**, DSV has assumed responsibility for all global (overseas) shipments previously managed by Ryder. Transportation activity (standard shipment requests, as well as tracking) for International Motors will be managed by Ryder-United States, Mexico, and Canada suppliers **ONLY**. Please contact the email below and phone numbers as applicable.

- All International Motors locations - INTL@ryder.com
- All International Motors locations – 1-888-518-6388 • Forms:



Contacts

Ryder Operations Escalation Contacts			
Name	Email address	Position	Phone
Daily Execution / Inquiries			
Command & Control (All Shifts)	INTL@ryder.com	General Inquiries	888-518-6388
Brittney DeShano	Brittney_DeShano@ryder.com	Day Shift Lead	888-518-6388
Hunter Hope	Hunter_Hope@ryder.com	Day Shift Lead	888-518-6388
Mishelle Winekoff	Mishelle_Winekoff@ryder.com	Day Shift Lead	888-518-6388
Wayne Potter	Wayne_Potter@ryder.com	INTL Lead (Days)	888-518-6388
Dennis Dolan	Dennis_Dolan@ryder.com	After Hours Lead	888-518-6388
Rob Russ	Rob_Russ@ryder.com	After Hours Lead	888-518-6388
Larry Szapula	Larry_Szapula@ryder.com	Transportation Manager	888-518-6388
Melissa Miller	Melissa_Miller@ryder.com	Transportation Manager	248-699-7625
David Areeda	Dareeda@Ryder.com	Group Logistics Manager	248-699-7782

MULTI-STOP ROUTES (AKA MILK RUNS)

A multi-stop route is a structured method of delivery; based on geographic regions, established frequencies, designated carriers, and assigned window times. A route may consist of multiple suppliers on a single trip. Each supplier will be notified individually of their carrier, frequency and specific schedules for pick-ups and delivery. Suppliers are required to adhere to their assigned schedule. Ryder supports the Truck Group multistop routes, please utilize the following link for routing information for all International Motors locations:

- All International Motors locations - INTL@ryder.com

CROSS DOCKING

To maximize transportation efficiencies, International Motors may utilize crossdocking where feasible. Cross-docking is a process of delivery to one location, consolidation, and reshipment of goods to their ultimate destination. All crossdocking activities will occur at the ODC (Origin Destination Consolidation) and will be loaded for its subsequent destination. Ryder supports the ODC. Please contact INTL@ryder.com for routing instructions.

Requirements

- An EDI 856 (ASN) must be transmitted for each Truck Plant's shipment.
- One Packing list and One Bill of Lading must be attached to the shipment for each using Truck Plant shipment.
- A manifest is created at the ODC and sent with shipment to each Truck Plant.
- Original Packing List and Bill of Lading will be used for receipt at each Truck Plant.
- Do not cross dock parcel shipments, they **must** be shipped directly to the Logistics Provider or International Motors plant.

SHIPMENTS NOT ON MULTI-STOP ROUTES

Ryder routes all production material into all plants, excluding MRO. These shipments will be made in accordance with the instructions set forth in the "LTL & PARCEL

ROUTING INSTRUCTIONS" ("Transportation Routing Matrix") that can be found online at <http://www.navistarsupplier.com> under the "Supplier Guidelines / Terms and Conditions" tab. You will need to enter



your email address to login. Please follow the instructions provided to you by Ryder, and utilize the following email addresses for routing instructions:

- All International Motors plants – INTL@ryder.com

LESS-THAN-LOAD (LTL)

In general, less-than-load (LTL) shipments weigh less than 15,000 pounds or utilize less than 14 linear feet of a trailer. Do not ship loose boxes via LTL.

PARCEL

According to the “*LTL & PARCEL ROUTING*

INSTRUCTIONS

(“*Transportation Routing Matrix*”), shipments under 120 pounds and less than eight containers are eligible for shipping via Parcel service.

Please contact Ryder at 1-888-518-6388 for guidance on Carrier and Shipment service type (use the link below for location specific contact information).

<http://www.navistarsupplier.com> - Refer to “**Logistics**” section

EXPEDITES

An expedite is a shipment requiring special service, which may require delivery sooner than the agreed standard. This includes global air expedites (DSV) and domestic expedites (RXO) from point to point in North America. All associated costs for an expedite will be the responsibility of the party at-fault. If an expedite becomes necessary, the planner is required to communicate and receive authorization (PFA) internally prior to arranging the shipment with the respective transportation provider.

****Please note that a PFA# is only required for material shipping to a manufacturing plant. This is NOT a requirement for service/aftermarket and R&D**.**

All global air expedites (outside of North America) must be initiated by the material planning team needing the material 10-14 days prior to plant impact. This is Inbound Transportation’s recommendation/guidance for success. Suppliers should **NOT** contact DSV directly with an incomplete booking request form. Within the DSV booking request form, the PFA, reason code and required delivery date (RDD) are to be provided to DSV by the International Motors team. This is needed before DSV creates an air booking for pick up. The planner is to collaborate with the supplier to complete all fields before including DSV. Doing so, streamlines booking entry with DSV, reduces collection delays, and prevents discrepancies regarding service level (expedited vs. deferred air).

The plant will issue an excessive premium freight charge number (EPFC) which must be referenced in all shipping documents. A supplier caused expedite EPFC number will have an SC designation and an International Motors caused expedite EPFC number will have an NR designation. RXO will route and manage all EPFC shipments.

NOTE: Failure to comply with these instructions will result in chargebacks through material invoice reduction. A deviation from a specific routing may be authorized by International Motor’s local operations personnel on an emergency shipment by-shipment basis but must be communicated by supplier to the respective plant planner. In such cases, you should clearly record the name of the authorizing individual on the bill of lading.

International Motors takes the position that all requirements will be met unless communicated to your plant scheduler. Providing early notification may allow the plant to make alternate plans on a short-term basis.

Any catastrophic issues, force majeure, MUST be communicated immediately for direct supply and within 24 hours for additional potential supplier impacts or be subject to financial penalty.



D-13 PACKING AND SHIPPING STANDARD

Refer to the D-13 file on the International Supplier Portal for packing and shipping standards for production and service.

http://navistarsupplier.com/Documents/Supplier%20Guidelines/MSD%2013%20-Dec%202025_V25.0.pdf

TRADE COMPLIANCE

FREE TRADE AGREEMENT AND COUNTRY OF ORIGIN SOLICITATION

Suppliers will provide to International Motors, LLC annually, by the specified due date, an accurate and complete US Free Trade Agreement and U.S.-Mexico-Canada Agreement (“USMCA”) Certificate of Origin for those products by part number that qualify for US Free Trade Agreement and USMCA an accurate and complete Country of Origin Affidavit for all products by part number. Country of origin must be marked on the part &/or its packaging and must match origin declared on export invoices and certificates. The USMCA Certificate of Origin must be completed in accordance with regulations published by the U.S. Department of the Treasury in 19 C.F.R. Sec. 181.11 et seq. (and as the case may be with the future publication of the USMCA) and any amendments thereto, and in accordance with International Motors, LLC USMCA Policy included in the Customs Invoicing Instructions (PR-38 Document) can be found at this [link](#) on the International Supplier Portal.

Suppliers will provide to International Motors, LLC, for the non- originating USMCA parts, the Regional Value Content (RVC) Accumulation information/letter.

In addition to the USMCA Certificates of Origin or Country of Origin Affidavits mentioned above, Suppliers will provide International Motors LLC with any requested supplemental part content and functionality information in relation to import or export operations, which may or may not be related directly to USMCA. This also includes corresponding certificates of origin for all other applicable free trade agreements as requested.

Livingston International Global Trade Management has been contracted by International Motors, LLC, and our affiliates to assist with our Trade Compliance Operations. On occasion, suppliers may be contacted to provide information about the parts they supply, including Free Trade Agreement, Manufacturer Affidavit, and country of origin information, which is outlined in section 28 of the International Supply Agreement. Additionally, Livingston may request supplemental part information, including, but not limited to, functionality, size, composition, etc.

Valid US Free Trade Agreement, USMCA, Manufacturer Affidavit and Country of Origin documentation must be provided within the following time limits:

Type of Solicitation Request	Time Frame from Request Date
Emergency (part crossed the border at significant duty cost)	48 hours
Monthly (all other parts that crossed border and new parts)	30 days
Annual (all active parts)	30-60 days

To meet these response time limits, suppliers must in turn require Tier 2 suppliers to provide US Free Trade Agreement information in a timely manner. However, International Motors LLC does recognize that occasionally there may be extenuating circumstances that require additional time to provide US Free Trade Agreement documentation. In consideration of these circumstances, International Motors LLC has established the following performance metrics for providing valid US Free Trade Agreement, USMCA, and Country of origin documentation:

Type of Solicitation Request	Time Frame from Request Date	Performance Metric %
Emergency (part crossed the border at significant duty cost)	48 hours	100% within 48 hours
Monthly (all other parts that crossed border and new parts)	30 days	100% within 30 days
Annual (all active parts)	30 days	75% within 30 days
Annual (all active parts)	60 days	100% within 60 days



CUSTOMS INVOICES AND DOCUMENTATION REQUIREMENTS

To ensure the smooth passage of material across international borders, suppliers must comply with all the requirements and instructions contained within the Customs Invoicing Instructions (PR-38 Document) found on the International Supplier portal, www.navistarsupplier.com.

INTERNATIONAL INTEGRATED SUPPLIER DELIVERY REVIEW

SUPPLIER EXPECTATIONS

- Suppliers are expected to be aware of all EDI demand requirements and any potential risk to assuring that those demands are met. Any identified risks are to be immediately communicated to your plant material representatives.
- When problems arise, suppliers are expected to contain the problem and provide a rapid response with permanent corrective action on non-conforming deliveries.
- Suppliers are responsible for coordinating the appropriate activities to identify and communicate material delivery risks, present containment recovery/action plans, and communicate to appropriate parties when the activity is complete.
- Suppliers are responsible for all expediting activities required to meet point of application (POA) requirements.
- International reserves the right to charge back the costs associated with supplier-caused missed deliveries including freight, downtime, rework, pull costs, etc.
- Suppliers are expected to take ownership of the process, lead root cause investigations, and report on a timely basis as required by the assigned International representatives.
- The official document to be used is the 3-Legged 5 Why (3L5Y). Summary reports or supplier internal formats will not be accepted.
- Information on the 3L5Y format and process follows, but suppliers are expected to obtain further training on the 5 Why methodology, if needed.

5 WHY PROCESS

The 5 Why process is a problem-solving tool to push thinking about a potential cause down to the root level. The 5 Why process is a simple technique that asks why an event (missed POA/point of application shortage or other noncompliance) occurred enough times to get to a root cause. The number 5 is not rigid but asking “why” enough times to get to a root cause as required. The purpose of the 3L5Y is to arrive at the root cause level, where the failure chain ends with the effect on the customer, and results in three separate conclusions for improvement. Corrective actions shall address all three legs. The 3-legged 5 Why process is used to create a detailed explanation of where, when, and how the problem occurred by evaluating three separate areas which could have contributed to the problem. The 5 Why process starts out with a Problem Statement clearly identifying the how, when, and where the problem impacted International. Analytical people ask the question “Why?” five times successively, for each leg of the 3L5Y. Each “Why” must be supported by data or fact. The collected facts from each “why” lead to the next “why” as the process continues concluding when the root cause is found. Actions are usually taken on the last “why” for each leg. Each subsequent “why” should ask why to the preceding statement. Starting at the bottom of the 5 Why’s and stating, therefore, to each of the preceding “why’s” will maintain consistent flow and assist in root cause determination. Each root cause should have a countermeasure(s) attached. Multiple 5 Why’s may be required for different attributes to properly define the problem. The current 3L5Y form is listed here on the International Supplier Portal <http://www.Internationalsupplier.com/SupplyChain/SupplyChain.aspx>

Example:

Problem statement: Material (part number) impacted POA (point of application) on plant (x) on (date)



- Why? Part did not ship in time to customers.
- Why? Production of part did not meet due date.
- Why? Equipment experienced down time.
- Why? Preventative Maintenance was not done.
- Why? Equipment was not on PM Schedule

CORRECTIVE ACTION REQUIREMENTS

It is often stated that the difficult part of the 5Y process is the root cause identification. If the correct root cause is identified, the solution can often be a logical conclusion. Acceptance of a corrective action is if it can be expected to prevent reoccurrence. Training is NOT a corrective action. Personnel can leave, and the same risk of occurrence remains. The best corrective action “poke yoke’s” or error proofs the process to prevent reoccurrence. A corrective action should also be “institutionalized.” If the problem existed with one part number, or one piece of equipment, etc..., the corrective action should look at all processes that may exhibit the same condition.

3L5Y DOCUMENT

The 5 Why document training guide is available through your Supply Chain contacts. Access to submitting the 5Y corrective action process is via email. This will be monitored under International’s 8D system as a DO entry with the documented 3L5Y as an attachment. The expectation is that all 3L5Y’s requested are answered and submitted within three business days. If this cannot be met, response notification is required as to when it will be submitted and reason for delay.

PERFORMANCE MANAGEMENT

The Supply Chain team, SCIS, monitors supplier performance to International's manufacturing facilities. An SDR (Supplier Delivery Review) process has been established to identify Key Offenders and to take appropriate action to mitigate the impacts and risks of International. In addition to any scorecard or performance metrics, this process escalates the concern for any material shortage impacts, corrective action compliance, and premium freight caused by suppliers.

SUPPLIER DELIVERY REVIEW

The supplier may be required to attend a Supplier Delivery Review (SDR). During the SDR the supplier is required to provide understanding and countermeasures for any identified impact on delivery, including risks associated with supplier caused premium freight and ASN compliance. The SDR process may be unique to a specific issue, but it will follow general escalation process guidelines:

- **SDR L1:** Supplier 5Y corrective action or call to discuss immediate resolution of delivery issue. A documentation recovery plan may be required.
- **SDR L2:** Conference call with supplier management and supply chain management to define recovery plan. A 30-60-90-day documentation plan will be required.
- **SDR L3:** Formal on-site visit at International Corporate or Plant location. This will require a firm presentation of the 30-60-90-day action plan and any recovery steps. This meeting will require representatives of the operations process, including plant management, materials management, and supply chain management, as warranted.
- **SDR L4:** Failure to improve supplier performance will end with a Delivery Top Focus (DTF) review, further defined below.

Further failure to comply will result in a DTF (detailed below) and recommended assignment to no new business award to Procurement and the Sourcing Council. Immediate systemic corrective action and recommitment to International’s expectations is the desired outcome of the SDR. The expectation is to mutually resolve any risks to International’s material supply.

DELIVERY TOP FOCUS (DTF)

If suppliers unable to reach an acceptable performance level with the **Supplier Expectations listed** above may be placed on Delivery Top Focus (DTF). During this step International executive management engages with the supplier



and the supplier is required to participate in a specified list of remediation activities to improve delivery performance. The International team collaborates closely with the supplier to determine these activities and monitor progress.

Suppliers are requested for a Delivery Top Focus (DTF) review based on:

- Performance on point of application (POA) missed deliveries.
- Supplier-caused premium freight occurrences (risk).
- Lack of communications including 3L5Y corrective action responses.
- Any impact created by supplier to delivery performance.

ADDITION TO DTF

Suppliers will be added to the DTF process based on:

- Unsuccessful resolution of delivery impacts at the SDR level.
- Plant operational downtime because of material delivery failure.
- 10 (Ten) required corrective action requirements within a 12-month period.
- Repeated POA or supplier-caused premium freight impacts over a three-month period.

REQUIREMENTS OF DTF

The following items will be required at the DTF review and all data pertinent to the issue at hand.

- Organization structure, manpower, labor constraints/opportunities
 - Employee Training and monitoring.
 - Departmental responsibilities within the supply chain from demand receipt to order shipment – how does the organization flow.
- Understanding of their supply chain flow, including systems and processes used to schedule both external supply and internal material flow of Internal planning and material flow (including ERP systems capability).
 - Supplier management and compliance (including metrics for compliance).
 - Potential obstacles and risks they have in their supply chain and opportunities to mitigate them.
- EDI Compliance (order acceptance and ASN performance)
 - Process flow upon receipt of EDI and forthcoming feedback communications.
 - Demand change review and acknowledgement.
- Inventory Control (documented accuracy performance, defined stocking levels)
 - Component and Finished Goods inventory policies.
- Cumulative lead time break down of entire cradle-to-grave process for material shipments.
 - Internal Cycle Times on products supplied to International.
 - Lead time requirements and mitigation planning.
- Capacity assessment by operation and bottleneck management
- Quality performance data and impact upon yield
- Performance metrics to on time delivery, customer satisfaction
- Identification of specific reasons for POA impacts to International (part numbers included in the presentation)
 - A critical characteristic list established on past delivery failures.
 - Critical characteristics on “ship to release” with improvement plan.
 - Implementation of countermeasures to address delivery failures (including 30-60-90-day action plans)
- Communication protocol (risk assessment, order delays, etc.)
 - Rapid response protocol for urgent demand requests



REMOVAL OF DTF

Suppliers can be removed from the DTF status through approval of the International Supply Chain organization. This approval will be based on:

- Nomination of executive champion.
- Demonstrated zero POA impacts on International production operations.
- No plant downtime because of supplier delivery.
- Zero supplier caused premium freight risk opportunities.
- All 3L5Y corrective actions submitted and approved.
- A 30-60-90-day improvement plan if necessary.

CONSEQUENCES FROM DTF

Suppliers who have not met the DTF criteria may be placed on New Business Hold and active sourcing status reviewed by the International organization.

SUPPLIER CHARGEBACK POLICY

SUPPLIER CHARGEBACKS

The goal of these Supplier Guidelines is to provide clear directions for our Truck and Engine suppliers, guiding them to consistently provide accurate, precise, timely and cost-effective deliveries of materials to our manufacturing facilities. Failure to abide by these guidelines causes significant extra costs for International Motors, both hard and soft.

International Motors reserves the right to debit a supplier based on the following criteria for failure to meet our delivery requirements:

Cost Associated with Line Downtime

Springfield Plant, CAS, and/or Paint Shop, San Antonio, Tulsa Bus Plant, and/or Huntsville Engine.	\$1,000 USD per minute
Escobedo Line 1, Escobedo Line 2, Escobedo Paint, and/or Body:	\$325 USD per minute

Cost Associated with Other Issues

Pull at any plant within 5 days:	\$7,000 USD per pull
Pull at any plant greater than 5 days with notice:	\$2,500 USD per pull
No Roll at any plant:	\$1,500 USD per unit, plus applicable rework/repair costs (see below)
Rework/Repair:	\$75 USD per hour / Minimum of 1 hour
ASN Unavailable:	\$500 USD per occurrence
Missing/Incomplete/Inaccurate paperwork:	\$500 USD per occurrence
EDI Not Capable:	\$50 USD per day until compliant
Packaging and/or Labeling noncompliance (D-13 Specs):	\$500 USD per occurrence
Expedites:	Cost of full service plus
Sales Order Revision (SOR) processing:	\$250



POA miss:	\$500 USD per occurrence; this is per part per unit. (e.g., if parts A, B and C are each missing on two units, this is six occurrences x \$500 each)
Underutilized trailer:	One-half Invoice amount
Freight Class missing on BOL:	Invoice Amount
Trailer Seal Missing:	\$100 per load
Supplier Caused- Accessorial Charges:	Accessorial amount paid to carrier
Transportation Non-Compliance:	Invoice Amount
Linear Feet:	Invoice Amount
RMA:	Total Freight cost with fuel (TL)
Processing fee for all Chargebacks	\$100 USD
On-Site Review/Evaluation/Recovery Plan due to repeated delivery performance issues:	\$5,000/ first week, \$500/day + travel expenses, thereafter
Other occurrences such as International Motors deems necessary through root cause analysis:	Cost will be determined based off impact of occurrence

DEFINITIONS OF SUPPLIER CHARGEBACKS

<u>Chargeback</u>	<u>Definition</u>
Packaging errors	Packaged incorrectly/does not conform to the D-13
Supplier Caused- Accessorial Charges	Detention/ Waiting, TONU, Layover
Transportation Non-Compliance	Carrier Selection/ Mode/ Shipping Frequency
Linear Feet	Linear exceeds LTL requirements.
RMA	Return Material Authorization. Shipper over ships or sends wrong part.
Global Expedites	Supplier caused expedites.
EDI Non-Capable	Supplier agrees to comply with all EDI requirements of International Motors as posted on www.navistarsupplier.com . These basic requirements include releasing and receiving documents. These conditions are subject to change, and International Motors will notify Supplier of new requirements. If Supplier is unable to meet all the implementation requirements, then the Contract is subject to either termination by International Motors, or a daily assessment according to defined chargeback at International Motor's sole



	discretion, until the requirements have been met. Suppliers agree that any EDI will be deemed sufficient for enforceability under any state's statute of fraud or similar law.
ASN errors/not received.	Supplier compliance with International Motor's ASN (EDI 856, Advance Shipment Notification) requirements are mandatory. Valid ASN's must be available for use by International Motors receiving personnel when Supplier shipments arrive at International Motors production plants and service parts distribution centers. Failure to comply with International Motor's ASN requirements will result in a chargeback
No Packing Slip	Packing slip missing from shipment
Missing Data	Quick receive label (ASN) PO missing on packing slip.
<u>Chargeback</u>	<u>Definition</u>
Bad PO, Part #, wrong part	PO does not match, part # does not match.
Wrong ID	Wrong pallet ID
Part Missing	Incorrect qty (could include overage and shortage)
Visual Problems	Possible damage that can be seen
Rusting problems	Rust visible
Bar Code / Scanning issues	No retail bar code, bar code not scannable
Expedites / Premium Freight	Supplier caused expedites.
Trailer Seal Missing	Seal Missing on trailer at the plants.
Underutilized	FTL is less than 20 ft. full.
Freight Class is missing on BOL.	Inaccurate info on BOL
Escobedo Line 1/Line 2/Cab and/or Paint Line stoppage	If line is shut down
Springfield Plant/CAS/Paint shop, San Antonio, Tulsa Plant, and/or Huntsville	If line is shut down
Pull at any plant within 5 days.	Unit is not built. Line set requires being pulled from production with any production process or pulled from production schedule within the 5 days of set production slotting.



Pull at any plant outside of the 5 days with notification.	Unit is not built. Line set requires being pulled from production schedule prior to the 5-day set production schedule and supplier notifies International Motors.
Rework/Repair	If anything on the truck requires repairs
No Roll	Units were built but could not exit assembly process by its own means.
Other occurrences as International Motors deems necessary through root cause analysis	POA issues, mis-picked/sequenced material, 2 nd and 3 rd offenses, supplier performance, etc.



REVISIONS AND APPROVALS

DATE	VERSION	APPROVER	CHANGE DESCRIPTION
Nov 2015	1.1		Original release
October 2016	1.2		Document updates
January 2021	1.3		Truck & Engine combined, Parts separated
February 2022	1.4		Updated to reflect Ryder information
January 2023	1.5		Updated supplier chargebacks, expendable packaging, added San Antonio (STX) facility
September 2024	1.6		Updated chargeback section, cost associated with line downtime
January 2025	1.7	Kim Jones, Logistics Operations	Updated chargeback section, cost associated with pulls
March 2026	1.8		<ul style="list-style-type: none"> • Updated document format • Removed Supplier Performance section (suppliers to reference scorecard) • Removed Engine Specific Guidelines due to updated SMI (Supplier Managed Inventory) commitments. • Assigned section level-content owners • DSV replaced Ryder in transportation section as a global provider. • Added expedite process reference in transportation section