



# Navistar

## Supplier Guidelines

### Truck and Engine

### February 2<sup>nd</sup>, 2022

Version 1.4

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Rev 1.3	Truck & Engine Combined, Parts separated	January 2021
Rev 1.4	Updated to reflect Ryder information	February 2022



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Any questions, comments and / or concerns related to the contents outlined within that are not answered below, please contact your Navistar Procurement representative.



## Navistar International Corporation

Navistar International Corporation is a holding company whose individual units, North America Truck, North America Parts, Global Operations, and Financial Services, provide integrated and best-in-class transportation solutions. Based in Lisle, IL, the company is a leading manufacturer of International® brand commercial and military trucks, proprietary diesel engines and IC Bus™ brand school and commercial buses. In addition, the company provides truck and diesel engine parts and services through its North America Parts Group, and financial services through Navistar Financial. Additional information is available at: [www.internationaltrucks.com](http://www.internationaltrucks.com).

The company became Navistar International Corporation in 1986, after selling the agricultural equipment business, International Harvester name and IH brand to Case and its parent, Tenneco. Navistar was selected as a name with a strong sound, a resonance to Harvester, and a connection to its root words "navigate" and "star." In 2000, the operating company name was changed from Navistar International Truck Corporation to International Truck and Engine Corporation, so that we could focus on the International brand, which at the time was the name on all of our vehicles and engines. Navistar International Corporation remained the name for the parent holding company. We believe the world is propelled forward by new ideas, brave inventors and bold thinkers. We believe ingenuity is the fuel of the future. That's why we're driven to deliver a future with strong products, sound values and solutions for a changing world. We are Navistar, and this is our drive to deliver.



## Procurement and Supply Chain

The Procurement and Supply Chain group's vision is to drive sustainable innovation and cost competitiveness. Our mission is to support Navistar'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.

## Navistar Supply Chain

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

- Electronic Data/Trading Partner Set up
- EDI Process Flow
- Transportation
- D13 Supplier Packing and Shipping Standards
- Trade Compliance
- Integrated Supplier Delivery Review
- Supplier Performance
- Engine Specific Guideline
- Supplier Chargeback



## **Section 1.0**

# ***Electronic Data Interchange***

## 1.1 Electronic Data Interchange (EDI)

Electronic Data Interchange (EDI) is the 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 Navistar's EDI requirements within sixty days of notification. Failure to do so may result in \$50/day noncompliance fee, at the buyer's option, until the requirements have been met. Navistar facilities utilize several 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>.

### Navistar Corporate:

ISA ID 01:781 495 650

VAN: GXS

### Navistar locations utilizes the following EDI transactions sets:

Springfield Assembly	GSid 049 645 120	Plant Code 002
Conway Fabrication	GSid 021 344 700	Plant Code 009
Escobedo Line 1 Assembly	GSid 102 239 394	Plant Code 011
Tulsa Bus Assembly	GSid 959 833 575	Plant Code 014
Cab Assembly	GSid 147 809 631	Plant Code 015
Rollins Export Ops	GSid 526 886 337	Plant Code 025
Navistar Big Bore Diesels, LLC	GSid 784 218 583	Plant Code 029
Escobedo Line 2 Assembly	GSid 161 984 646	Plant Code 065
Knoxville Accounting	GSid 806 203 014	Plant Code 440

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



## **Section 2.0**

# ***EDI Process Flow***



## 2.1 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.

### 2.1.1 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 is transmitted 5 days per week 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 the EDI 866 are for truck orders that have been firmly committed, firmly coded, and build sequence established. Attribute Based Release (ABR's) are communicated through the 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](http://www.navistarsupplier.com/EDI/EDI_General.aspx)
- **The supplier must transmit an accurate and complete EDI 856 to the using Truck Plant at time of shipment, please refer to [http://www.navistarsupplier.com/EDI/EDI\\_Implementation\\_Guides.aspx](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.
- Navistar transmits a 997 confirming electronic receipt of the EDI 856
- Navistar transmits an EDI 861 for receipt discrepancies related to the EDI 856 or missing ASNs.
- Navistar transmits an EDI 824 advising of internal data issues related to the EDI 856. Please refer to [http://www.navistarsupplier.com/EDI/EDI\\_General.aspx](http://www.navistarsupplier.com/EDI/EDI_General.aspx) for the Appendix of 824 Error Codes.

## 2.2 Electronic Receipts Settlement (ERS)

Electronic Receipts Settlement (ERS) is a business process between trading partners that conducts 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 remittance advice will be an EDI820 Electronic Remittance Advice. This Advice will have all the invoices paid on the check listed, and this includes invoices for locations that are not ERS. The ERS invoices will also have the part number detail information (part number, quantity, unit price, and receiving ticket number). **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 clicking on the “Payment Instructions/Evaluated Receipt Settlement (ERS)” tabs.



## **Section 3.0**

# ***Transportation***

\*As of November 1st, 2021, all managed transportation activity (standard and global shipment requests, as well as tracking) for Navistar will be managed by Ryder. Please contact the below email and phone numbers.

- All Navistar locations - [NAV@ryder.com](mailto:NAV@ryder.com)
- All Navistar locations – 1-888-518-6388
- Forms:

<b>Adhoc Shipments (Engineering/Tooling/Supply Chain Shipments)</b>	<b>Form</b>
Fill out this form and submit to Nav@Ryder.com	<a href="#">Adhoc Shipment Request Form</a>
<b>International / Global Shipments Managed by Ryder</b>	<b>Form</b>
Fill out this form and submit to Nav@Ryder.com	<a href="#">Global Shipment Notification Form</a>

- Contacts:

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



### 3.1 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 multi-stop routes, please utilize the following link for routing information for all Navistar locations:

- All Navistar locations - [NAV@ryder.com](mailto:NAV@ryder.com)

#### 3.1.1 Cross-Docking

In order to maximize transportation efficiencies, Navistar may utilize cross-docking where feasible. Cross-docking is a process of delivery to one location, consolidation and reshipment of goods to their ultimate destination. All cross-docking activities will occur at the ODC (Origin Destination Consolidation) and will be loaded for its subsequent destination. Ryder supports the ODC. Please contact [NAV@ryder.com](mailto:NAV@ryder.com) for routing instructions.

##### 3.1.1.1 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 the 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 Navistar plant.

### 3.2 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 Navistar plants – [NAV@ryder.com](mailto:NAV@ryder.com)



### 3.2.1 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.

### 3.2.2 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

### 3.3 Expedites

An expedite is a shipment requiring special service, which may require delivery sooner than the agreed standard. All associated costs for an expedite will be the responsibility of the party at-fault. If an expedite becomes necessary, the supplier is required to communicate and receive authorization from respective plant planner, prior to shipment. The plant will issue an excessive premium freight charge number (EPFC) which must be referenced on all shipping documents. A supplier caused expedite EPFC number will have an SC designation and a Navistar caused expedite EPFC number will have an NR designation. Ryder 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 Navistar’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.***

**Navistar 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.**





## **Section 4.0**

# ***D13 Packing and Shipping Standards***

## 4.1 Packaging

Navistar specification D-13, "Supplier Packing and Shipping Standard" provides suppliers with general packing and shipping instructions to assure products will arrive at Navistar locations in a standard format, free from damage, at the lowest cost, and in the form most acceptable to Navistar material handling practices. In adherence to ISO 14001 Environmental Standards, any supplier using any type of returnable container MUST also have an approved alternate packaging on file with the Container Specification Form (CSF). [The CSF can be found at this link](#), or by going to the "Supplier Guidelines / Terms and Conditions" tab and looking under the *Documents* section. Navistar makes all attempts to eliminate waste by mandating returnable containers and packaging, going forward, returnable packaging will be a condition of business with Navistar. Navistar provides the returnable containerization, unless otherwise specified by supplier, guidance and instruction so that all purchased materials can be shipped in returnable packaging.

### 4.1.1 Packaging Specifications

The full D-13 Standard may be [found at this link](#) or by going to the "Supplier Guidelines / Terms and Conditions" tab and looking under the *Documents* section. Additional information can be obtained by contacting PFEP@navistar.com - **SUBJECT:** Containers

#### 4.1.1.1 Navistar Owned Returnable/Engineered racks, containers, and/or bulk containers

Engineered racks / containers - these may be specialized steel racks, bulk containers with/without dunnage and/or plastic tray packs. Bulk containers - wire baskets, plastic totes, hand totes, pallet boxes all designed, built, tested and provided by Navistar. Suppliers are responsible to assure each rack/container is clean, all old labeling is removed, and not damaged prior to use. Damaged racks/containers must be tagged, segregated and sent to Navistar approved repair source. Please [refer to this link](#) for the Damaged Rack Repair Process, go to the *Navistar Supplier Portal*, select *Supplier Guidelines / Terms and Conditions* tab and look under *Documents* section.

#### 4.1.1.2 Supplier Owned Returnable racks & containers

Racks and containers designed, built, tested and provided by Suppliers. Suppliers are responsible to assure each rack/container is clean, all old labeling is removed, and not damaged prior to use. Damaged racks/containers are tagged, segregated and sent to Supplier approved repair source.





#### 4.1.1.3 Expendable Packaging

Expendable (disposable) packaging should be minimized at all costs. If expendable packaging is needed, it must meet all the standards to properly protect the material for transit and ultimate presentation to the assembly line. Expendable packaging alternatives must be documented and approved via the “Container Specification Form” as well as the Plan for Every Part (PFEP) process. If supplier is utilizing a returnable container and that container is not available, the expendable packaging may be utilized (with prior approval from Navistar plant location), but the expendable MUST match the size and standard pack of the returnable packaging. Without prior approval, there will be no supplier reimbursement. Total packaging weight of small lot boxes must not exceed 35 pounds. Expendable packaging costs must be outlined and transparent to Navistar upon invoicing.

#### 4.1.2 PFEP – Plan for Every Part

Navistar is in the process of implementing PFEP, which is “the detailed plan for every part that is used to assemble our vehicles, showing the material flow from the supplier to the point of application”. The main purpose of Plan for Every Part is to provide visibility to each parts movement and synchronize the material flow paths with manufacturing.

It is a Navistar requirement that every supplier submit a Container Specification Form (CSF). Any questions should be directed to (PFEP@navistar.com) or refer to <http://www.navistarsupplier.com> and select *Supplier Guidelines / Terms and Conditions* tab and see Container Specification Form under the documents section.

#### 4.1.3 Supplier’s Responsibility

- Suppliers must contact the Navistar Container Group before beginning the packaging design phase.
- Navistar has the option, if necessary, of approving or rejecting a supplier’s selection of packaging design and/or packing materials.
- Navistar and each supplier will jointly agree on packaging design.
- The supplier must ensure that the parts and all packaged shipments, no matter the style of packaging, are received in acceptable (damage free) condition, are efficiently and economically packaged for the method of transportation, type of handling planned for the final destination and its intended point of use.
- It is the supplier’s responsibility to ensure the container cleanliness in such a way that it does not affect part integrity, cleanliness maintained at all times, and there is no impact on the part, along with communicating shortage, design changes,

etc. to ([pfep@navistar.com](mailto:pfep@navistar.com)) **SUBJECT:** Containers. Cleanliness includes, but is not limited to, dirt/debris, grease, oil, water, residue, inside container or any old labels affixed to the exterior of the container. Part cleanliness specifications should be discussed with your Supplier Quality Engineer (SQE).

- All features/surfaces considered critical to the quality of the operation of the part (e.g. machined surface, bore, loose/dangling parts, etc.) must be protected from damage and/or moisture, contamination, or other debris as required by Navistar Engineering and Supplier Quality.
- Packaging is expected to be approved and in use by the Production Part Approval Process (PPAP) Phase 3. Packaging approval is a condition for full Phase 3 PPAP approval.

#### 4.1.4 Container Standards

- All containers must conform to applicable AIAG standards.
- All pallet loads are to be secured with a seatbelt buckle system, shrink wrap, or plastic banding with proper tensioning to secure the unit load. Over tightening will cause a deflection in the pallet, top cap and/or containers and this condition is unacceptable. Insufficient tension will allow easy movement or shifting of packaging components and this condition is also unacceptable.
- **All containers must be loaded to their approved designated standard pack quantities. Partial standard pack quantities are prohibited.**
- All pallet loads must be capable of a minimum double stack condition in transit and in storage.
- Navistar will NOT provide, fund, or manage WIP (work in process) containers to the supply base, or containers for supplier storage purposes.

#### 4.1.5 Return Shipment of Empty Containers

All containers will be staged and prepared for outbound shipment at the Navistar Assembly Plant or the respective Logistics Provider. The frequency of empty container shipments will be determined by Navistar and based on each supplier's volume, number of part numbers and geographic location. The success of using returnable containers as cost effective packaging depends on how well they are cared for, controlled and returned for reused.

#### 4.1.6 Damage/Repair Disposition

Suppliers must assure that containers in need of repair are not used for shipping purposes. It is each supplier's responsibility to tag the damaged rack, remove it from circulation and contact a Navistar Containerization Team representative to arrange shipping to a designated repair source. Damage Rack Red Tag Process [can be found at this link](#), under the documents section.



## 4.2 Labeling


- Navistar employs five different labels: A Quick Receive Label, a B-10 Trading Partner Label, a Master Label, a Mixed Load Label and an ABR Label. See below for examples.
- All labels must be scan-able and readable.
- Label material and print must be weather resistant to prevent label damage and/or ink running to remain legible and scannable (ex. Heat transfer).
- Full labeling information can be found at <http://www.navistarsupplier.com> under the “Supplier Guidelines / Terms and Conditions/D-13 Supplier Packing and Shipping Standard” tabs.









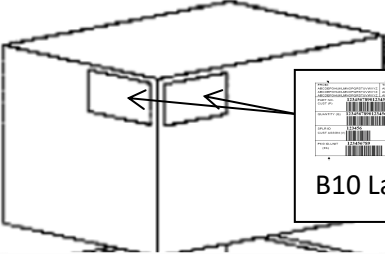












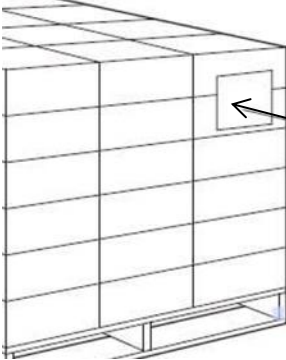








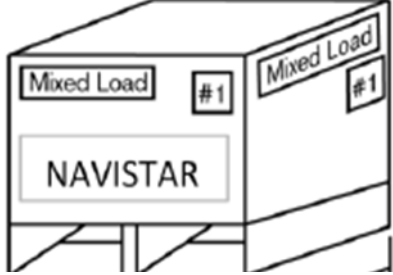


### Quick Receive Label:

The purpose of the Quick Receive Label is to allow mechanical match of a supplier's incoming shipment to the information on the supplier's EDI 856 (ASN). The ASN # on this label must match exactly to the ASN # on the EDI856. The Quick Receive Label must be affixed to, or incorporated into, the packing list that is attached to the shipment

**Quick Receive**  
**(2S) ASN SHIPMENT ID**  
  
 109145

**(13V) DUNS VENDOR ID**  
  
 48129X1

Packing List						
Shipper/Supplier		Invoice Number Invoice Date Supplier Reference				
Bill To		Customer Reference Terms of Payment Incoterms				
Commodity To		Ship Via Carrier Name				
		Invoice Date Invoice / Credit Number Sales Order Number Items and Quantities				
		Special Instructions				
		Resistor Material				
Quantity	Packing Type	Description	Part No.	Lot No.	Alt Part No.	Case
						
Total Pieces						
Shipping Number						

<p><b>AIAG B-10 Trading Partner Label:</b> This label is used to identify the contents of an individual container, of a single part number, for a shipment. Two identical labels must be affixed to two adjacent sides of each container shipped.</p>	<table border="1"> <tr> <td>FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> <td>TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> </tr> <tr> <td>PART NO. CUST (P)</td> <td><b>1234567890123456</b> </td> </tr> <tr> <td>QUANTITY (Q)</td> <td><b>1234567890123456</b> </td> </tr> <tr> <td>SPLR ID CUST ASSGN (V)</td> <td><b>123456</b> </td> </tr> <tr> <td>PKG ID-UNIT (3S)</td> <td><b>123456789</b> </td> </tr> </table>	FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	PART NO. CUST (P)	<b>1234567890123456</b> 	QUANTITY (Q)	<b>1234567890123456</b> 	SPLR ID CUST ASSGN (V)	<b>123456</b> 	PKG ID-UNIT (3S)	<b>123456789</b> 	 <p><b>B10 Labels</b></p>		
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<p><b>Master Label:</b> A Master Label is to be used to identify the contents of a multiple, single pack load of the same part number for a shipment (i.e. a skid of totes consisting of one part number).</p>	<table border="1"> <tr> <td>FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> <td>TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>MASTER LABEL</b></td> </tr> <tr> <td>PART NO. CUST (P)</td> <td><b>1234567890123456</b> </td> </tr> <tr> <td>QUANTITY (Q)</td> <td><b>123456</b> </td> </tr> <tr> <td>SPLR ID CUST ASSGN (V)</td> <td><b>1234567890123456</b> </td> </tr> <tr> <td>PKG ID-MASTER (4S)</td> <td><b>123456789</b> </td> </tr> </table>	FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<b>MASTER LABEL</b>		PART NO. CUST (P)	<b>1234567890123456</b> 	QUANTITY (Q)	<b>123456</b> 	SPLR ID CUST ASSGN (V)	<b>1234567890123456</b> 	PKG ID-MASTER (4S)	<b>123456789</b> 	 <p><b>Master Label</b></p>
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QUANTITY (Q)	<b>123456</b> 													
SPLR ID CUST ASSGN (V)	<b>1234567890123456</b> 													
PKG ID-MASTER (4S)	<b>123456789</b> 													
<p><b>Mixed Load Label:</b> A Mixed Load Label is to be used to identify a load of multiple single packs of different part numbers for a shipment (i.e. a skid of totes of varying part numbers).</p>	<table border="1"> <tr> <td>FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> <td>TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>MIXED LOAD</b></td> </tr> <tr> <td>SPLRID CUST ASSGN (V)</td> <td><b>1234567890123456</b> </td> </tr> <tr> <td>PKGID - MIXED (5S)</td> <td><b>123456789</b> </td> </tr> </table>	FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<b>MIXED LOAD</b>		SPLRID CUST ASSGN (V)	<b>1234567890123456</b> 	PKGID - MIXED (5S)	<b>123456789</b> 	 <p><b>Mixed Load #1</b> <b>NAVISTAR</b></p>				
FROM: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	TO: ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ													
<b>MIXED LOAD</b>														
SPLRID CUST ASSGN (V)	<b>1234567890123456</b> 													
PKGID - MIXED (5S)	<b>123456789</b> 													

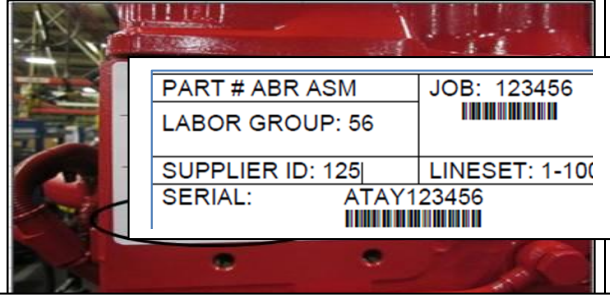
**ABR Label:**  
 An Attribute Based Release or ABR label is to be used in the line sequencing process and is placed directly on the part or on the container.

**Part Label:**

PART # ABR ASM	JOB: 123456 [Barcode]
LABOR GROUP: 56	
SUPPLIER ID: 125	LINESET: 1-1004
SERIAL: ATAY123456 [Barcode]	

**Container Label:**

Line #1	Lineset #1234 [Barcode]
Part No. (P)	ABR ASM
Supplier: (V)	1111122 Job #123456 [Barcode]
Serial No: (S)	12345605112000 [Barcode]
Labor Group (G)	1234 [Barcode]





## **Section – 5.0**

# ***Trade Compliance***

## 5.1 Free Trade Agreement and Country of Origin Solicitation

Suppliers will provide to Navistar annually, by the specified due date, an accurate and complete North American Free Trade Agreement (“NAFTA”)/U.S.-Mexico-Canada Agreement (“USMCA”) Certificate of Origin for those products by part number that qualify for NAFTA/USMCA and 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 NAFTA/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 Navistar’s NAFTA/USMCA Policy included in the Customs Invoicing Instructions (PR-38 Document) [can be found at this link](#) on the Navistar Supplier portal,

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

Valid NAFTA/USMCA and Country of Origin documentation must be provided within the following timeframes:

<b><u>Type of Solicitation Request</u></b>	<b><u>Time Frame from Request Date</u></b>
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)	60-90 days

In order to meet these response timeframes, suppliers must in turn require tier two suppliers to provide NAFTA/USMCA information in a timely manner. However, Navistar does recognize that occasionally there may be extenuating circumstances that require additional time to provide NAFTA/USMCA documentation. In consideration of these circumstances, Navistar has established the following performance metrics for providing valid NAFTA/USMCA documentation:

<b><u>Type of Solicitation Request</u></b>	<b><u>Time Frame from Request Date</u></b>	<b><u>Performance Metric %</u></b>
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)	60 days	90 % within 60 days
	90 days	100 % within 90 days

## 5.2 Customs Invoices and Documentation Requirements

In order to ensure the smooth passage of material across international borders, suppliers must comply with all of the requirements and instructions contained within the Customs Invoicing Instructions (PR-38 Document) found on the Navistar Supplier portal, [www.navistarsupplier.com](http://www.navistarsupplier.com).





## **Section – 6.0**

# ***Navistar Integrated Supplier Delivery Review (NISDR)***

## 6.1 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.
- Navistar 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 Navistar 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.

## 6.2 5 Why process

The 5 Why process is a problem-solving tool to push thinking about a potential cause down to the root level. Often stated to find the disease and not the symptom. 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 at the effect to 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 Navistar. Problem solvers 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 supplier portal <http://www.navistarsupplier.com/SupplyChain/SupplyChain.aspx>

➤ **Example:**

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

- Why? Part did not ship in time to customer
  - 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

### 6.3 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.

### 6.4 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 Navistar’s 8D system as a D0 entry with the documented 3L5Y as an attachment. The expectation is that all 3L5Y’s requested are answered and submitted within 3 business days. In the even that this cannot be met, response notification is required as to when it will be submitted and reason for delay.

### 6.5 Performance Management

The Supply Chain team, SCIS, monitors supplier performance to Navistar’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 to Navistar. 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 supplier.



## 6.6 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 documented 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 documented plan will be required
- **SDR L3:** Formal on-site visit at Navistar 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 Navistar's expectations is the desired outcome of the SDR. The expectation is to mutually resolve any risks to Navistar's material supply.

## 6.7 Delivery Top Focus (DTF)

If suppliers unable to reach an acceptable performance level with the **Supplier Expectations (6.1)** listed above may be placed on Delivery Top Focus (DTF). During this step Navistar executive management engages with the supplier and the supplier is required to participate in a specified list of remediation activities to impel delivery performance. The Navistar team works 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.

### 6.7.1 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 required corrective action requirements within a 12-month period.
- Repeated POA or supplier-caused premium freight impacts over a three-month period.

### 6.7.2 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
  - 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 Navistar.
  - 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 Navistar (part numbers included on 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

### 6.7.3 Removal for DTF

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

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

### 6.7.4 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 Navistar organization



## **Section – 7.0**

# **Supplier Performance**

UNDER CONSTRUCTION

## 7.1 Supplier Performance

Navistar is currently working on developing a supplier performance tool. It will be based on adherence and completion of all items in this Supplier Guidelines package.

When completed and available, the tool and its requirements will be communicated to all suppliers via <http://www.navistarsupplier.com>





## **Section – 8.0**

# ***Engine Specific Guidelines***

## 2.1 Supplier Managed Inventory (SMI)

Navistar utilizes Supplier Managed Inventory (SMI) for suppliers supporting the Engine business. SMI is the ownership and management, by the supplier, of established inventory levels at a designated Navistar facility. All Engine Group suppliers are required to participate in the SMI program. All non-NAFTA supplying locations are required to maintain an adequate supply of material within the United States, at their expense, which will then be shipped to their respective Logistics Provider(s) in order to maintain their established minimum/maximum inventory levels. Non-NAFTA suppliers should contact the Purchasing and Logistics group to discuss their specific SMI terms as a global shipper.

### 2.1.1 Process

- EDI 830 is transmitted as a forecasting tool, *not an authorization to ship*.
- Each Plant's Material's Group will provide the applicable minimum and maximum levels dependent upon volumes, geographic location and standard packs.
- Supplier will be provided secure access to the Navistar 3PL Provider's website (2.1.2) to monitor inventory and bulletin boards on a daily basis. Username and passwords should be common and can be shared between users.
- Supplier ships all material to the Navistar Engine Plant's 3PL Provider to maintain the established minimum and maximum inventory levels. It is the responsibility of the Supplier to notify the Navistar Engine Plant's Materials personnel if unusual circumstances will drive inventory levels below the established minimums, or above established maximums. It is the Supplier's responsibility to expedite when supplier falls below the established minimum.
- The Navistar 3PL Provider is:
  - Navistar Big Bore Diesels, LLC:  
C/O Shippers Automotive Group  
255 Short Pike  
Huntsville, AL 35824
- The supplier must transmit an EDI 856 (ASN) to the Engine Plant at time of shipment. This ASN will be used to facilitate receipt into the 3PL Provider facility and will **not** be used in the payment process. Once the ASN is used to facilitate the receipt into SMI, it will serve no further function in the process.
- Additionally, a quick receive label must be affixed to the packing slip attached to the shipment.
- Once received by the 3PL Provider, a secured website (2.1.2) will be updated to reflect the receipt and on-hand quantities.
- Engine Plant requirements are generated and communicated to the 3PL Provider (this can occur multiple times per day).

- 3PL Provider will prepare material for shipment to Engine Plant, create an ASN on the behalf of the supplier and the website will be updated to reflect the shipment and on-hand quantities.
- Engine Plant receives material and ASN, at which time **ownership changes** from supplier to Navistar.
- Navistar transmits an EDI 846 and the ERS process begins.
  - Supplier should again check the website and ship material in support of a replenishment-based system.

#### 2.1.2 Navistar 3PL Providers and Website Addresses

Navistar Big Bore Diesels, LLC utilizes **Shippers Automotive Group**

<http://www.huntsville.shippersautomotive.com/wdlsweb>

***NOTE: It is required that suppliers check the respective website(s) for the Navistar Engine Plant that they supply, at least once each plant operating day to review/monitor current inventory levels, as well as, MIN/MAX levels.***



## **Section – 9.0**

# ***Supplier Chargeback Policy***

## 9.1 Supplier Chargebacks

The goal of these Supplier Guidelines is to provide clear direction 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 to Navistar, both hard and soft.

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

### Cost Associated with Line Downtime

Escobedo Line 1, Escobedo Line 2, and/or Escobedo Paint & Cab.	\$325 USD per minute
Springfield Plant, CAS, Springfield Paint Shop, Huntsville, and/or Tulsa Bus Plant.	\$1,000 USD per minute

### Cost Associated with Other Issues

Pull at any plant within 5 days	\$7,000 USD per pull
Pull at any plant outside 5 days with notice	\$2,500 USD per pull
No Roll:	\$1,500 USD per unit, plus applicable rework/repair costs (see below)
Rework/Repair:	\$75 USD per 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 + \$75 processing fee
Underutilized trailer:	1/2 Invoice amount + \$75 processing fee
Freight Class missing on BOL:	Invoice Amount + \$75 processing fee
Trailer Seal Missing:	\$100 per load
Supplier Caused- Accessorial Charges:	Accessorial amount paid to carrier + \$75 processing fee
Transportation Non-Compliance:	Invoice Amount + \$75 processing fee
Linear Feet:	Invoice Amount + \$75 processing fee
RMA:	Total Freight cost with fuel (TL) + \$75 processing fee
On-Site Review/Evaluation/Recovery Plan due to repeated delivery performance issues	\$5000/ first week, \$500/day + travel expenses, thereafter
Other occurrences as Navistar deems necessary through root cause analysis:	Cost will be determined based off impact of occurrence

## 9.2 Definitions of Supplier Chargebacks

<b><u>Chargeback</u></b>	<b><u>Definition</u></b>
<b>Packaging errors</b>	Packaged incorrectly/doesn't conform to D13
<b>Supplier Caused- Accessorial Charges</b>	Detention/ Waiting, TONU, Layover
<b>Transportation Non-Compliance</b>	Carrier Selection/ Mode/ Shipping Frequency
<b>Linear Feet</b>	Linear exceeds LTL requirements
<b>RMA</b>	Return Material Authorization. Shipper over ships or sends wrong part.
<b>Global Expedites</b>	Supplier caused expedites
<b>EDI Non-Capable</b>	Supplier agrees to comply with all EDI requirements of Navistar as posted on <a href="http://www.navistarsupplier.com">www.navistarsupplier.com</a> . These basic requirements include release and receiving suite documents. These conditions are subject to change, and Navistar 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 Navistar, or a daily assessment according to defined chargeback at Navistar's sole discretion, until the requirements have been met. Supplier agrees that any EDI will be deemed sufficient for enforceability under any state's statute of frauds or similar law.
<b>ASN errors/not received</b>	Supplier compliance with Navistar's ASN (EDI 856, Advance Shipment Notification) requirements are mandatory. Valid ASN's must be available for use by Navistar receiving personnel when Supplier shipments arrive at Navistar production plants and service parts distribution centers. Failure to comply with Navistar's ASN requirements will result in a chargeback
<b>No Packing Slip</b>	Packing slip missing from shipment
<b>Missing Data</b>	Quick receive label (ASN) PO missing on packing slip.

<b><u>Chargeback</u></b>	<b><u>Definition</u></b>
<b>Bad PO, Part #, wrong part</b>	PO doesn't match, part # doesn't match
<b>Wrong ID</b>	Wrong pallet ID
<b>Part Missing</b>	Incorrect qty (could include overage and shortage)
<b>Visual Problems</b>	Possible damage that can see seen
<b>Rusting problems</b>	Rust visible
<b>Bar Code / Scanning issues</b>	No retail bar code, bar code not scannable
<b>Expedites / Premium Freight</b>	Supplier caused expedites
<b>Trailer Seal Missing</b>	Seal Missing on trailer at the plants
<b>Underutilized</b>	FTL is less than 20 ft. full
<b>Freight Class missing on BOL</b>	Inaccurate info on BOL
<b>Escobedo Line 1/Line 2/Cab and/or Paint Line stoppage</b>	If line is shut down
<b>Springfield Plant/CAS/Paint shop, Tulsa Plant, and/or Huntsville</b>	If line is shut down
<b>Pull at any plant within 5 days</b>	Unit is not built. Line set requires being pulled from the production with any production process or pulled from production schedule within the 5 days of set production slotting.
<b>Pull at any plant outside of the 5 days with notification</b>	Unit is not built. Line set requires being pulled from production schedule prior to the 5 day set production schedule and supplier notifies Navistar.
<b>Rework/Repair</b>	If anything on the truck requires repairs
<b>No Roll</b>	Unit was built, but could not exit assembly process by its own means.
<b>Other occurrences as Navistar deems necessary through root cause analysis</b>	POA issues, mis-picked/sequenced material, 2 <sup>nd</sup> and 3 <sup>rd</sup> offenses, supplier performance, etc.

