



# OBSOLETE VERSION - DO NOT USE

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|  | <b>Global Supplier Standards Manual</b><br><b>Supply Chain Management</b> |                 |          |
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| Revision | Release Date    | Description of Changes  |
|----------|-----------------|---|
| 9.0      | 01-October-2022 | <ul style="list-style-type: none"> <li>Subject Matter Expert updated</li> <li>2D Barcode Requirements updated (4.7.7)</li> <li>DMR communication updated (4.8.3)</li> <li>Balance Out and Claims Process (4.10)</li> <li>Free Trade Agreements and Special Trade Programs updated (4.12)</li> </ul> |
| 10.0     | 01-April-2023   | <ul style="list-style-type: none"> <li>Commercial Invoice Required Data Elements, point 4. updated (4.3.6)</li> </ul>   |

| Prepared                                |                       | Approved   | Released  |
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## 1.0 Purpose

This standard communicates Adient's minimum set of requirements to the suppliers. It is the expectation of Adient that all suppliers - Direct Material and Indirect Material/ Services, Supply Chain and Tooling, Machinery & Equipment - comply with all the requirements and expectations documented in the Global Supplier Standards Manual (GSSM).

## 2.0 Scope


This standard applies to all Adient 3<sup>rd</sup> party suppliers.

## 3.0 Responsibility

All external suppliers (Direct Material and Indirect Material/ Services, Supply Chain and Tooling, Machinery & Equipment Suppliers) are expected to comply with all requirements and expectations documented in the GSSM.

Suppliers are responsible for reviewing new and revised Adient Requirements including Customer Requirements and determining the impact on their Quality Systems and promoting awareness of the GSSM at their locations

Each Direct Material and Indirect Material/ Services, Supply Chain and Tooling, Machinery & Equipment Supplier is expected to comply with all requirements and expectations documented in Adient Global Supplier Standards.

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**4.0 Process**

The following supplier requirements and resources are outlined in this document:

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**4.1 Supply Chain Management Expectations**

4.1.1 Introduction: The supply chain organization at Adient contributes to manufacturing excellence in quality, cost and delivery to the customer. In particular, the supply chain function assures the on-time delivery of component material and shipment of finished goods at the lowest cost taking into consideration environmental impact.


Continuous improvement in our global supply chain systems is, and will continue to be, a competitive advantage for Adient. This advantage is created through the engineering and design of Lean Replenishment and Logistic Business processes, which are enabled through effective application of Lean Technologies. To fully leverage the potential of these innovative systems and processes, the knowledge and capabilities of our extended enterprise must be flexible and capable of meeting our replenishment requirements.

**4.2 Electronic Commerce**

4.2.1 Electronic Commerce Requirements: Adient and our automotive customers require EDI (Electronic Data Interchange) to be utilized by all suppliers throughout the Supply Chain. This includes the ability to receive releases (830 - weekly, 862 – daily), and send ASNs (856).

Our suppliers must have the capability to interface with using the options outlined <https://www.adient.com/suppliers/online-resources>

All suppliers must develop a contingency plan for their primary EDI system. This allows us to keep both product and information flowing if the primary system fails for any reason. To inquire about the specific details of using EDI with Adient, please contact your Materials Analyst via e- mail to [asg.edi@adient.com](mailto:asg.edi@adient.com) .

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4.2.2 Advanced Shipping Notice (ASN): An ASN is the electronic transfer of shipment data from a supplier to a customer. The customer plant utilizes the information contained within the ASN in three ways:

- 4.2.2.1 Determine and confirm goods in transit.
- 4.2.2.2 Verification against the shipment as product is received.
- 4.2.2.3 If the supplier is ERS (evaluated receipt settlement) approved, the ASN serves as an electronic invoice that will generate payment to the supplier. (Not applicable South America)

ASN's must be timely, accurate and contain all of the specified information (see list below.)

The ASN must be created upon finalization of the shipment and be received by Adient within one hour from the time the shipment leaves the supplier's shipping location, or prior to its arrival at the Adient plant, whichever is earliest. ASN's not meeting the requirements may not be received, and a Discrepant Material Report (DMR) will be issued.

Specified Information required in each ASN:

1. BOL (Bill of Lading) Number
2. Shipment date/time
3. Gross weight of shipment
4. Net weight of shipment
5. Total Bill of Lading quantity (e.g. # of cartons)
6. Standard Carrier Alpha Code (SCAC)
7. Mode code (e.g. "E" for expedite, "A" for air, etc.)
8. Pool point location (if applicable)
9. Trailer number (or air bill if it's an air shipment)
10. Packing slip number(s)
11. Ship from location (our supplier code or supplier DUNS Code)
12. Ship to location(s) (our plant code(s) including dock code(s)) or DUNS Code
13. Part number
14. Engineering change level (Part)
15. Quantity shipped
16. Unit of measure
17. Purchase order number
18. Number of cartons shipped of each part
19. Quantity per carton EDI SPECIFICATIONS


Note: Additional requirements may be communicated to the supply base, dependent on the OEM customer's specific requirements.

Confirmation of ASN receipt is available to suppliers (contact the Adient plant for availability).

#### 4.3 International Shipping

4.3.1 International Shipping Instructions: The purpose of this section is to ensure that suppliers adhere to Adient procedures as well as Customs Regulations in these areas:

- Export Shipments going to Adient
- Warehouse & inventory requirements for international shipments
- Documentation requirements

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Each supplier is responsible for complying with all customs, export controls, sanctions and embargo laws and regulations as it relates to their activity with Adient. This includes, but is not limited to, the items outlined in this manual.

4.3.2 Incoterms: Adient uses INCOTERMS 2020 which is negotiated at the time of the contract and will be stated on the Purchase Order when issued to the supplier.

4.3.3 Warehouse and Inventory Requirements: In order to minimize the risk of an inventory stockout and to support lean manufacturing, our strategy is to utilize a regional warehouse/domestic pick-up point to manage and retain buffer stock inventory for certain international supply chains.

A supplier may manufacture in another country, but they are expected to import to their own domestic warehouse or distribution center. Adient will then pick up the freight at the named domestic facility. If a supplier does not have a domestic presence, Adient will be the importer and will recommend the 3rd party warehouse provider with whom the supplier should contract to manage the buffer stock. Adient will determine on a case-by-case basis when this requirement is necessary and will notify the supplier to implement these requirements.

4.3.4 Customs Brokers: Suppliers must use Adient designated Customs Brokers to clear shipments on Adient's behalf per the routing instructions.

- International Shipment Documentation: Suppliers are responsible for providing complete and accurate documentation for all international shipments. Completed Bill of Lading with the name and address of the shipper, the consignee, and the broker. This must be the same BOL # as on the ASN.
- Completed Packing List
- Completed Commercial Invoice per guidelines listed below.
- Completed Certificate of Origin or Free Trade Agreement (FTA) certificate as needed.

4.3.5 Valuation of Merchandise: Suppliers are responsible for stating the proper value of the product being shipped per the current PO price. Failure to do so may result in a DMR and subsequent DMR debit charge.

4.3.6 Commercial Invoice Required Data Elements:

1. Port of entry to which the merchandise is destined.
2. Consignee (Ship to) complete name and the plant ID #
3. Sold to party name, address and tax ID#
4. Shipper address (which must include a valid postal code), Tax ID#, contact name, email and phone number
5. Ship date
6. Harmonized Tariff classification numbers (HS)
7. Adient Part Number with accurate description to ensure proper HS Classification and FTA eligibility. Do not modify the Adient part number (e.g., add a suffix or prefix). If shipment involves equipment, the invoice must also include the serial #, make # & model # and manufacture date.
8. Quantities, weights (net and gross) and unit of measures of the merchandise shipped. (e.g., liters, gallons, kilograms, lbs...)
9. Purchase price in the currency of purchase. Value of each item in the currency in which the transactions are usually made.
10. Currency (USD, EUR, MXN, etc.)
11. All charges upon the merchandise itemized by name/category and amount. (Rebates, drawbacks, bounties, separately itemized, allowed upon the exportation of the merchandise)

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12. Country of origin for each part listed (Country of Origin is the country of manufacture for customs purposes)
13. Assists, dies, molds, tools, engineering work and cost associated.
14. Incoterms and named place
15. Invoice #
16. Signature/Endorsement of shipper
17. Other specific country or regional requirements will be communicated by the regional Adient Global Customs and Trade Compliance team.

Special Notes:

- Equipment must be invoiced separately from Raw Material and separated on different skids.
- All paperwork including the commercial invoice must be in the language appropriate for the import country.
- All paperwork including the commercial invoices must be sent at the time of dispatch of the shipment from origin with an ETA (Estimated Time of Arrival), specifying the following:
  - Trailer Number
  - Quantity of bundles or skid
  - Time of estimated arrival

4.3.7 Country of Origin Marking: Every article of foreign origin (or its container) shall be marked in accordance with the regulations of the importing country.

4.4 Replenishment/Order Methodology Requirements

It is the supplier responsibility to understand respond and respond to the demand requirements, including proactively communicating with Adient supply chain when there are potential issues meeting demand requirements. This responsibility extends to responding to the Adient specified replenishment methods and established processes to assure on time delivery from the extended supply chain.

4.4.1 Replenishment/Order Methodology Requirements Introduction: In order to standardize supply chains, optimize inventory levels and minimize freight expense, Adient orders material from our supply chain partners utilizing standard EDI signals (i.e., 830 and 862) to communicate order shipment quantities.

4.4.2 In some markets, a supplier could receive replenishment signals via other methods, such as PUS, Manifests, and Seq. It is possible that a supplier could receive different replenishment signals by plant. A supplier should not have multiple signals from the same plant.

4.4.3 In limited cases, Adient will communicate orders via email using the manual replenishment release form as noted below.

Exceptional Conditions Only

The Manual Replenishment Release form would be acceptable in conditions where it is not possible to use the EDI signal and is approved by the Adient plant. Some examples include systems failures, power outages, critical inventory situations, etc.

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4.5 Cumulative Maintenance Requirements

It is the supplier responsibility to understand and react to the demand signals from Adient. This includes understanding the concepts of cumulative releases, reconciliation of releases (CUM and net), and demand analysis across EDI and other signals (830, 862, 866, etc.).

4.5.1 Cumulative Maintenance Introduction: Adient communicates release quantities (orders and forecasted orders) as cumulative numbers. (CUM), this is a way to identify the total amount of product that is required to ship over the defined period of time usually starting at the issuance of the purchase order. Adient requires the supplier to reconcile CUMs upon receipt of each EDI release. Identifying and initiating the resolution process of cum discrepancies is the responsibility of the supplier.

4.5.2 Cumulative Maintenance Communication

Adient will provide the supplier with the following:

1. A starting CUM of 0 upon issuance of a new purchase order.
2. Last CUM received quantity will be noted on each EDI release. Each shipment received will be accumulated to provide the last receipt CUM received. This will include the last quantity received, date received into Adient inventory, and the supplier packing slip number received by the Adient manufacturing facility. The last receipt CUM received could potentially change under the following conditions:
  - a. Subsequent receipt of shipment into Adient inventory
  - b. Issuance of Supplier Material Rejection Report Return (SMRR) or a Discrepant Material Report (DMR). Issuance of an SMRR or DMR may result in either an increase or decrease of Adient CUM received.
  - c. CUM reset (may be done annually). Supplier will be notified prior to this occurring.
3. An electronic or manual release indicating net quantity due and total CUM required per due date.
4. Prior CUM required quantity - this field will represent the previous quantity due.
5. Physical copy of SMRR or DMR to support CUM resolution.

Adient requires the supplier to:

1. Track and accumulate all production part shipments. This will become the supplier's CUM shipped quantity.
2. Update suppliers CUM shipped quantity when the supplier is issued a SMRR or DMR.
3. Identify past due quantities - using the most current release the formula is the Adient last CUM received quantity minus the prior CUM required quantity.
4. Identify Adient CUM required - using the most current release formula is the Adient last CUM received plus the net quantity due (If an alternate replenishment method is designated by Adient, the CUM required will serve as forecast data rather than replenishment requirements).
5. Net quantity required is calculated using the most current release's CUM required minus the suppliers CUM shipped quantity.
6. Resolve any CUM discrepancies with the appropriate Adient materials personnel immediately.

Please direct any questions regarding cumulative maintenance to your Adient plant materials contact.

4.6 Forecasting, Shipping and Replenishment Performance

4.6.1 The standard for Adient suppliers is 100% on time arrival of all parts required by the Adient manufacturing site. This means shipping the correct quantity of the correct product to the correct location according to the designated replenishment method. It is mandatory that the

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supplier contact the Adient plant immediately upon recognition of an issue if the release schedule cannot be met. The supplier shall have a process in place to ensure that any potential problems that could impact the Adient operations are communicated as soon as they are identified. Differences shall be resolved with appropriate customer contact prior to shipment time.

It is our expectation that the supplier procures/produces to the high point of the forecast for authorized raw/fab, respectively. Notify your Adient materials manager if you receive 2 or more subsequent releases which show a decreasing authorization.

Suppliers are expected to receive forecasts and releases electronically, and to process them without manual entry.

In the event a supplier does not receive a weekly release from Adient, they must verify with the plant materials scheduler or manager that no release was sent, escalating the call, if necessary, for verification. If after multiple attempts (must include BOTH e-mail AND phone call) the supplier is not able to contact Adient to verify release status, the supplier is authorized to use the most recent release to ship to Adient, following established guidelines for shipping to CUM required by given dates.

- 4.6.2 Forecast Expectations: The forecast (anticipated future orders communicated by EDI signal) will grant fab & raw authorizations per the commercial terms between Adient Purchasing and the supplier. Adient will grant the supplier a raw and fab authorization in accordance with the authorization being provided by our customer. For example, Adient may grant 4 weeks raw and 2 weeks fab, for a total of 4 weeks (i.e., you are authorized to convert 2 weeks of the raw, not carry an additional 4 weeks raw). This will be provided to the suppliers via EDI in their releases. Certain commodities may be granted different standards per their release. When EDI is not available alternate forms of communication will be utilized as determined by the Adient plant. Deviations from the standard must be authorized by Adient and will be communicated in the purchase order as well as the release.

The authorization on a release is Adient's financial commitment for released material.

Authorization for a CUM amount and the lead-time required for a shipment are not synonymous. Lead-time is defined as the amount of time between recognition of an order and receipt of the order (can include manufacturing time as well as transportation time). This doesn't translate directly into the number of weeks Adient will provide financial commitment in a CUM authorization.


- 4.6.3 Shipping & Delivery: Authorization to ship specific product will be communicated to the supplier through Adient plant designated replenishment method, typically the EDI Signal. Within 90 days from Start of Production (SOP) Adient will notify the supplier of the designated replenishment method. During launch or pre-production, we will use EDI Signal or spot-buys.

A "Delivery signal" will show either a ship date or a delivery date. A delivery date defines when the goods are to be ultimately received by Adient. A ship date indicates the date which the supplier should ship the goods. In this context the delivery date does NOT mean delivery to carrier.

The supplier is expected to understand transit time and have product ready for shipment in order to meet the delivery date on the schedule, inclusive of transit time. Contact the Adient plant if you have any questions as to which date is being transmitted.

The supplier is required to:

1. Take ownership for all parts manufactured for Adient.

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2. Control its processes to assure that the physical shipments correspond with the Adient demand.
3. Ensure movement of containers is managed within Adient's Container Management System
4. Have the ability to meet either a 15% week to week net schedule increase or a 15% CUM increase over the period authorized under the raw and fab authorization. This does not apply once the supplier has been notified of a balance out.
5. Contact Adient plant Materials Representative(s) if supplier is unable to meet the replenishment schedule and supply the following information:
  - a. Date the parts will be available.
  - b. Suppliers plan to get back on schedule. Assign the necessary resources to resolve any delivery issues.
  - c. If an established window time is missed or release schedule cannot be met, contact your Adient plant representative for agreement on necessity of expedites.
  - d. Obtain approval from Adient for the mode & carrier chosen. Every effort must be expended to reach agreement on the expedited freight responsibility at the time of shipment. If the supplier is responsible, the freight must be shipped "PREPAID" and the supplier may choose their logistics company; however, in North America it is strongly recommended that Active PTM (888-786-4321) is contacted. The supplier is also responsible for tracking the in-bound freight to Adient and advising the Adient plant Material Representatives as to shipment status.

A supplier will be held responsible for downtime and other associated costs (i.e., Premium freight or charter costs) due to their inability to meet delivery requirements, in accordance with the purchasing terms and conditions. If a supplier is behind in their ability to meet the required CUM, the plant expects the supplier to have the CUM caught up by the Monday following the lead time authorized. For example, if the authorization is for 6 weeks, then the supplier should have the CUM required produced and delivered no later than the following Monday by 8 a.m. EST.

#### 4.7 Labeling Requirements

- 4.7.1 Adient requires suppliers ensure that all materials shipped to Adient are correctly labeled and that the labels are properly attached.

Non-compliance to these instructions will result in the issuance of a DMR (Discrepant Material Report) by our receiving plant and possible rejection of shipment.

Labeling requirements:

- Two labels per container on adjacent corners. The label must be placed in the upper left-hand corner of the main side.
- Label printing must be a bold black type with at least 25mm high letters. No more than one-part number is to be packaged in a container or shipped on a pallet (unless noted as a mixed pallet).
  - Label Size: 4.0 inches (102mm) high by 6.0 inches (152mm) wide.
  - Label Color: White label with black printing (there may be some plant specific color requirements).
- Supplier owned packaging with "Return to" labels must be located in a clearly visible area that does not interfere with the production identification labels.
- Previous labeling on containers or packages must be removed prior to shipment
- All labels affixed to a container must contain the following information:
  1. Adient Part Number
  2. Quantity
  3. Adient Supplier ID Number
  4. Label Serial Number

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5. Part Description
  6. MFG Date (manufacturing date)
  7. Part Revision Level
  8. Lot Number/Batch Number/Heat Code/Etc.
  9. International Build Statement (i.e., Made in Mexico) (Mandatory for Parts Crossing Borders)
  10. Manufacturing Address (Actual address of supplier's final assembly plant - name should Mirror Adient scorecard plant location description to the fullest extent possible).
- All containers must have the final Adient destination information affixed either as a master label on the skid or within their standard label format affixed to each container. Data required includes Adient site name, Adient site number (when known), Address, city, state and postal code. An example of an acceptable label is at the end of this section.
  - Data Identifiers: All barcodes must have a data identifier. For example, the part number should have a leading "P" or "Q" for quantity.

The above definition is the minimum requirements. There may be other regional or plant requirements that can be requested. Some examples include:

- 2D Barcode (See 4.7.7)
- Colored label stock
- Delivery Note/Packing Slip Number
- Storage location in the plant
- Ship-to Address of the Adient plant the material is shipping to

Note: Adhesive types can be pressure sensitive or dry gummed as long as adherence to the package substrate is assured and application is wrinkle-free. If labels are applied to returnable packaging, the adhesive must not leave a residue after the label is removed, and the label must be easily removed without tearing. Paper is not preferred on returnable packaging. Label protection against moisture, weathering, abrasion, etc., may be required in harsh environments and is encouraged wherever practical. Care must be taken to assure that labels meet reflectivity and contrast requirements and can be scanned with contact & non-contact devices.

4.7.2 Master Pallet/Mixed Pallet Labeling: When multiple containers of the same part number are placed on a single pallet, each container is required to be labeled as well as a master label for the pallet. The master label should contain the words "Master Label" and be placed on the outside of the shrink wrap. The individual container labels should be scanned to create the Master Label. The quantity on the master label should reflect the sum of the quantities of all of the individual container labels. See the samples below.

When release quantities require cartons of mixed material on one pallet, a special "Mixed Load" label and a "Master Label" for each part number and affixed on the outside of the shrink wrap must be used in addition to being labeled per Adient Labeling Specifications. See the samples below.

All containers must be loaded to cubic capacity to maintain load density, package integrity, and obtain optimum transport utilization. The following criteria must be observed when shipping mixed loads to an Adient plant:

1. Cartons must be uniform in size to maintain load stability.
2. Each pallet must have material / product for only one Adient plant.
3. Avoid shipping less than a full layer whenever possible.

Adient Supplier Scheduling should be contacted to establish load quantities into their releases.

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For unit load packaging that is shrink wrapped, the master label and mix load labels must be applied to the outside. When individual containers are palletized and made into a unit load for mechanical handling, the master label shall be attached to two adjacent sides of the unit load.

4.7.3 International Shipment Labeling: Shipments to or from countries (e.g., Mexico, US, Canada, EU) may require special labeling, other than the Odette standard. Adient Trade Compliance team should be contacted to assist in obtaining the proper labels required if needed.

4.7.4 Sample Shipment Labeling: When shipping sample parts for Adient part submission or new revision level, the "Sample Part" label must be utilized and must contain the name of the site Packaging Engineer and / or the person expecting to receive the container.

Packaging Test shipments must have a "Sample Parts" identification label placed in a highly visible area and must contain the name of the site Packaging Engineer and / or the person expecting to receive the container.

Adient requirements for shipping labels are based on the Odette / AIAG bar-coded format. Reference the AIAG Parts Identification and Tracking Application (B-4) document and the AIAG Trading Partner Labels manual (B-10) for labeling specifications.

4.7.5 Odette, Euro-Supplier Labeling Option: Adient recognizes the European automotive industry approved Odette transport label for the identification of packaging and container contents for suppliers located in Europe. The label is 'A5' size and has standard printing with the addition of bar coding. It may be self-adhesive for expendable packaging or can be printed on paper and placed in a pouch or affixed to the container.


4.7.6 Adient SAP Implementation GTL Label Requirement: Adient began rolling out SAP to its plants in 2011. With that implementation, a new requirement for using the Global Transport Label began. This replaces any of the label requirements above. If you supply any of the plants live on Saturn SAP, this requirement applies to you. The label specification can be found in the forms section of the supplier portal.

4.7.7 2D Barcode Requirements

Adient requires a 2D barcode to be utilized on the label. Below are some of the requirements for the 2D barcode”



1. PDF417 is the required 2D barcode.
2. Minimum 2D barcode data content requirement:
  - a. Part Number (P)
  - b. Quantity (Q)
  - c. Serial Number (S)
  - d. Vendor Number (V)
3. Optional or as required 2D barcode data content:
  - a. Delivery Number (packing slip) (2S)
  - b. Manufacturing Date (12D)

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- c. Batch or Lot (1T/H)
- d. Container Type (B)
- e. Eng. Change Level (2P)

4.7.8 Label Example: The attached is a specification that can be used as a guideline in building the label format. For visual examples of labels, please refer to the Labeling appendix.

**Table 1. Suggested LPB Character Parameters**

| Lines Per Block | Maximum Characters Per Line | Approximate Point Height | Approximate Height in Inches | Approximate Height in Millimeters |
|-----------------|-----------------------------|--------------------------|------------------------------|-----------------------------------|
| 1 LPB           | 8                           | 64                       | 0.90                         | 22.0                              |
| 2 LPB           | 18                          | 32                       | 0.40                         | 11.0                              |
| 3 LPB           | 28                          | 20                       | 0.25                         | 7.0                               |
| 4 LPB           | 34                          | 16                       | 0.20                         | 5.0                               |
| 5 LPB           | 42                          | 12                       | 0.15                         | 4.0                               |
| 6 LPB           | 48                          | 10                       | 0.12                         | 3.0                               |
| 7 LPB           | 59                          | 8                        | 0.10                         | 2.0                               |
| 8 LPB           | 68                          | 6                        | 0.08                         | 1.5                               |

4.7.9 Labeling Non-Conformance Process: For suppliers that do not meet the minimum standards, the Discrepant Material Report (DMR) process will be followed. Repeat issues will be issued an MQR.

#### 4.8 Discrepant Material Reports

4.8.1 DMR Introduction: This procedure defines the process which Adient uses to communicate issues and monitor supplier performance with regards to accuracy of part shipments and accompanying documentation. It is the supplier's responsibility to respond to issue communication tools (DMR, MQR, etc.).


4.8.2 DMR Requirements: A DMR is issued when a shipment is received with one or more issues in the following categories: issues could occur at the header level, line-item level, or both. There are 2 DMR metrics which Adient measures:

1. DMRd: Delivery performance, please refer to appendix for detailed information at the header and line level
2. DMRi: Information accuracy performance, please refer to appendix for detailed information at the header and line level

#### 4.8.3 DMR Communication

##### DMR Communication to the Supplier

1. Receiving or Material Analysts identify information quality / shipment errors as close to the time of the receipt as possible and create a DMR issue within Adient internal IRIS system
2. The Material Analyst reviews the shipment documentation and evidence of the error and determines whether the DMR is valid. When the Supplier Scheduler approves the

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issue, an e-mail notification is automatically sent to the affected supplier and any additional people the Supplier Scheduler has entered into the issue.

DMR Supplier Response Expectations

1. Upon receipt of a DMR, the supplier is required to complete a 4D within 24 hours (1 working day), and if required an 8D (See below for 8D instructions).
2. If the supplier believes that the DMR is inaccurate or unsubstantiated, the supplier may dispute the issue, which then prompts the Supplier Scheduler to either agree with the dispute, reject the dispute and return the DMR to the supplier, or override the dispute in order to allow the 4D to progress through the system.
3. The supplier is expected to assign an internal champion to address all DMR related issues and to provide timely and accurate responses to the issues that have been identified via the DMR.
4. The supplier's DMR champion must track the suppliers DMR performance, drive corrective action for all DMR's and communicate improvement plans to the appropriate supplier personnel (e.g., Account Manager, Customer Service Manager, Materials Manager, etc.).

DMR 8D Supplier Response Expectations

1. Provide the requesting Material Analyst an initial 8-D complete through the first 4 steps within one business day. This should include identification of all potential causes of the problem, how the problem was communicated to the scheduler, and immediate containment actions.
2. Provide the completed 8-D to Adient within 5 business days\* of the DMR. Repetitive errors or chronic problems with information accuracy may result in an MQR meeting, and if not resolved could escalate to a hold on new business for the supplier.


\* If unable to resolve the issue within the required period, the supplier is expected to provide a weekly updated 8D to Adient until problem resolution is achieved.

DMR 8D Material Analyst Responsibility

1. If the Material Analyst approves the dispute, the DMR is removed from the supplier's record and considered closed. The related DMR quantity does not count in the DMR score calculation.
2. If supplier's response (either dispute or 4D) is not obtained within one business day of issuance, Adient will consider the DMR acknowledged and close the DMR as accepted. The quantity will count against the supplier's rating for that month, and it will be noted that the supplier did not respond or dispute.
3. If there is disagreement regarding a DMR between the Material Analyst and Supplier, the Material Analyst will elevate it to their Business Unit Supply Chain Engineer for mediation.

Corrective Action

1. It is the supplier's responsibility to perform corrective action. The Adient Material Analyst reviews and tracks the corrective action submitted by the supplier for each DMR issued. The Material Analyst determines if the corrective action is effective and will close the DMR. Once a DMR is closed, it cannot be disputed, cancelled, or reversed.
2. If corrective action is not effective, the Material Analyst issues an MQR in accordance with the Management Quality Review procedure.

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Suppliers will be debited 275 USD/ 275 EUR or local currency for every closed DMR issued, or as outlined per the agreement within the market. A DMR Debit Memo is issued to process the charges. The original is sent to Accounts Receivable, and copies are forwarded to the site Controller and Buyer. The Debit Memo will be processed within five days of its receipt.

4.8.4 Supplier Chargeback Communication and Expectations: Similar to the DMR notification, SCB notices may be automatically generated from Adient Electronic System(s) or provided as an Email attachment or hard copy form where electronic systems are unavailable.

Suppliers are expected to respond to a SCB within three working days. Failure to accept (or reject a SCB) within 30 working days will result in automatic debiting of all charges.

In cases where a supplier disagrees with the Supplier Chargeback, a written response to the originator of the SCB is still required by the specified due date. Disputed Chargebacks shall be escalated to the responsible Purchasing representative for assistance with final disposition. All Chargebacks should be targeted for closure within 30 days.

#### 4.9 Logistics Requirements

4.9.1 Logistics Requirements Introduction: Purchasing, Logistics, or the Transport Desk (depending on the region) will determine carrier selection and routing instructions in order to effectively manage inbound freight through the careful consideration of these factors:

- Supplier location
- Product volume
- Packaging
- Transportation costs
- Lead time

4.9.2 Logistics Requirements Communication: All shipments must be accompanied by appropriate documentation. Documentation may include, but not limited to, packing slip, bill of lading, FTA certificates, commercial invoices, CMR (EU and Asia) and hazardous materials information. It is the supplier's responsibility to ship according to the transportation routing instructions.

Carrier information must be included in the Advance Ship Notice (ASN) transmission to allow for trace ability and to ensure supplier compliance to Adient routing instructions. When electronic generation of the ASN does not exist, the supplier is required to provide a faxed copy of the shipping documents.

(Excluding EU) The supplier is responsible for contacting the appropriate carrier, freight forwarder and Adient materials personnel to ensure timely pick-up and delivery. It is the supplier's responsibility to set shipping window times in conjunction with Adient plant materials personnel and the carrier to ensure delivery at the Adient facility by the delivery date shown on the release.

(EU) The Adient plants will send release to supplier. Dates in the material releases are understood to be ready for collection in the morning of the pick-up date in order to ensure lead times.

Any failure to meet the agreed upon shipping windows that result in carrier detention charges may result in a debit to the supplier in the form DMR to compensate for excess carrier detention charges. Information to be provided should include, but may not be limited to, product availability, expected delivery time, special instructions, container dimensions, and weights. If shipping less-than-truckload quantities to one ship-to location, each skid must include a label indicating the plant name and address. (Where track and trace is being used

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on Adient transport evidence will be provided to support DMRs for supplier delayed collections)

4.9.3 Packing Slip Requirement: Adient requires all suppliers to prepare their packing slip(s) in a standard format. The standard format can be found below, as well as within the forms section of the Standards Manual website.

Mandatory: Packing slip must be attached (glue or tape) to the packaging (pallet shipment). The packing slip must be in a pouch/sleeve that protects it but also allows it to be removed by receiving plant.

Failure to comply with this requirement will result in a DMR for the shipment per the DMR procedure. Items required in a specific location include:

- Packing Slip #
- Sold To info
- Supplier Production Plant
- Ship to
- BOL #
- Customer part #
- Description
- Supplier part #
- Quantity shipped
- PO #
- Footer which includes page number and repeats the pkg slip # Packing Slip Bill of Lading Information Requirements

4.9.4 Bill of Lading Requirements: The following information instructs an Adient Supplier on how to properly complete a bill of lading (BOL) form for shipments that are sent collect into Adient.

Non-compliance to these requirements that result in excess freight charges to Adient will be debited back to the Supplier. A separate bill of lading must be created for each ship-to location, even when shipping on the same carrier. Each BOL must contain a unique BOL #.

Shipper/Vendor Information

Must include: Vendor Name, Supplier ID, Street address, city, state, and zip.

Example 1

Akko Fasteners  
Supplier ID 302412  
6855 Cornell Rd  
Cincinnati, OH 45242

Example 2

Akko Fasteners - 302412  
6855 Cornell Rd  
Cincinnati, OH 45242

Consignee and Destination

The Ultimate Consignee should be shown as: Adient, Plant name, and Plant #.

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The Destination must include: Street address, city, state, and zip, and c/o where applicable.

| Direct Shipment   | Consolidation   | Shipping through a Broker to Mexico  |
|---|---|--|
| Adient Lakewood<br>205 Douglas Ave<br>Holland, MI 49423 | Adient – Riverside1339<br>c/o CMAC<br>20450 Sibley Road<br>Brownstown Twp, MI 48193 | Adient<br>Ramos Metals #2403<br>c/o Dicex<br>12110 Sara Road<br>Laredo, TX 78045 |

The three examples above are not intended to replace current shipping instructions.

In addition to the above information, your BOL must include:

1. Number of Packages and/or Handling Units - If packages are consolidated on a skid, provide both package count and skid count on the bill of lading.
2. Description of shipment - Enter the description of each line item. Please note the type of package (carton, tote, barrel, etc.) and the quantity per package. Each line item must include the correct National Motor Freight Classification (NMFC) Item # and Class. This information is critical to ensure correct rating to avoid excessive charges.
3. Weight - Enter the total gross weight, in pounds, for each line item. Include the weights of pallets, skids, or any secondary container.
4. Freight Terms – (for domestic shipments only) Indicate 'FOB Origin, Freight Collect' terms if Adient is responsible to pay for the shipment. All freight shipped to Adient facilities should be shipped per the incoterm on the Purchase Order unless the shipment is a Supplier paid expedite or routing deviation.


4.9.5 Routing Instructions: Where Adient is responsible for paying freight charges, a routing instruction will be provided to the supplier. The routing instruction will include at least one primary carrier and an expedited carrier and is issued by each Adient receiving location.

It is the supplier's responsibility to ensure compliance and availability. Contact your appropriate plant materials personnel if you have not received a Supplier Specific Routing Instruction. A copy of the routing instruction must be signed and returned to the Adient plant materials contact.

(EU Exception) In EU, the Adient Transport desk manages a portion of the transportation, and in these instances, no routing instruction will be issued.

Plant approval must be obtained from the receiving plant materials personnel for any routing instruction deviation. Any deviation from these routing instructions without plant approval may result in a supplier debit to compensate for excess freight charges and/or administrative fees.

4.9.6 Premium Freight/ Expedites: Any premium freight which results from a supplier event will be managed and paid for by the supplier. For international shipment this also include export/import broker costs. Adient will not take responsibility for the set-up, management, tracking or payment of a supplier-caused premium freight event. The supplier will communicate to the plant all expedite information and provide milestone updates to keep the plant informed on the arrival of the expedited components. Adient reserves the right to take over the management of the premium freight event if the supplier fails to communicate and effectively manage the event themselves. In these cases, the supplier may be charged for Adient's time.

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When expediting freight at Adient expense, authorization must be obtained from the appropriate Adient receiving plant materials personnel. Unauthorized expedited freight may result in debit to the supplier to compensate for excess freight charges and/or administrative fees.

(NA) Adient utilizes Ascent Global Logistics (888-786-4321) to manage all premium freight shipments into our facilities.

(EU) Adient utilizes Flash, Intime, or any other selected & nominated premium freight carrier.

Upon authorization of an expedite shipment, the supplier should be prepared with the following information to share with the arranging party:

1. Protect time (the time by which the shipment must arrive)
2. Ready time (the time by which the shipment will be ready for pickup)
3. Shipment terms (collect if at Adient's expense)
4. Origin
  - a. address
  - b. contact
  - c. operating hours of shipping facility
5. Shipment details
  - a. weight
  - b. dimensions
  - c. stack ability
6. Destination details
  - a. address
  - b. contact
  - c. plant number

#### 4.10 Balance Out and Claims Process

4.10.1 Balance Out and Claims Process Introduction: Balance out is defined as end of model year as well as current model engineering changes. Our goal at balance out is to have zero obsolescence.

4.10.2 Balance Out and Claims Process Communication: One of the tasks in our balance out process requires the Adient materials plant representative to notify, in writing, the source supplying the components to be balanced out. Adient notification of balance out as well as defined balance out filing parameters will take place outside of the established authorization window. Claims received after the established deadline may not be honored.

After receiving balance out notification, any supplier planning to produce a contractual minimum run order which exceeds raw/fab authorization must first receive written approval from the Adient supplier scheduler or balance out coordinator.

In the event that obsolescence occurs due to the discontinuation of a part, the following procedure must be followed to file a claim:

1. Determine the highest RAW and (FAB) fabricated material authorizations issued by Adient. To determine the highest RAW/FAB authorizations, a cumulative release history must be reviewed from the release identified by the Adient plant as the 1st balance out schedule. The 15% rule is no longer a requirement once a B/O notification has been issued. In addition, suppliers should refer to the "High Release" and/or their Purchase Order for RAW/FAB authorizations.

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2. Fill out the "Obsolescence Claim Form" and attach the supplier management or schedule/release documents, purchase order, and any minimum run authorizations to support the claim.
3. All obsolete material must be segregated and stored, pending audit and final disposition by Adient and/or the OEM.
4. External supplier claims totaling less than \$500.00 aggregate will not be submitted to the OEM, nor paid to the supplier.
5. Supplier must obtain Adient plant authorization in order to sell claimable material at a price lower than unit cost. The following forms can all be found in the Forms section of the Adient Supplier Standards Manual.

The final order/ delivery prior end of production must not match the standard packaging size/ quantity. According to the ordered quantity supplier is obliged to adjust to an appropriate packaging in alignment with Adient's Global Supplier Packaging Standards & Requirements.

#### 4.11 Security

4.11.1 Security Introduction: Adient requires the suppliers to ensure the security of its supply chain. Security measures must be set in place with the primary goal of preserving the safety of employees, protecting the physical property from loss or damage, safeguarding the integrity of our intellectual property, and preventing interruptions in the manufacturing process.

4.11.2 Security Procedure Requirements: Suppliers should develop and implement a comprehensive security plan throughout their operations and supply chain, following the recommendations outlined by the specific country's security program where the supplier is located. For example, if a supplier is located in Canada, they should follow the security guidelines for PIP (Partners in Protection). Other country security programs are as follows: EU (AEO), US (CTPAT), MX (AEO).

All suppliers that ship across an international border to an Adient plant located in North America will receive an annual Security Assessment. This must be completed for Adient to complete a security risk assessment on the entire supply chain and maintain its CTPAT certification for locations in US, Mexico and Canada.

Requirements can be found at <https://www.cbp.gov/sites/default/files/assets/documents/2019-Dec/CTPAT%20U.S.%20Importers%20MSC%202019.pdf>

Failure to complete the assessment may result in a site visit to assess the security risk to Adient.

#### 4.12 Free Trade Agreements and Special Trade Programs

4.12.1 Certification Requirements: As put forth in our global terms and conditions, Adient suppliers are responsible for providing timely and accurate responses to solicitations relative to Free Trade Agreements and Special Trade Programs. This is true whether or not a supplier ships product across an international border.

Trade agreement certifications may be solicited by Adient or by a designated service provider. It is expected that suppliers will respond to the solicitations by the deadline provided.

Suppliers should note that signing the various documents carries the legal obligation to advise Adient of any changes that would affect the accuracy or validity of the information. This notification must be in the form of an amended document that must be provided no later than 15 days of the supplier's awareness of said change unless earlier notification is required under

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any specific trade agreement. If the supplier does not provide updated information or the supplier provides inaccurate information, the supplier may be subject to any associated costs or penalties incurred by Adient.

Suppliers that fail to comply, risk losing their eligibility for a supplier award via a supplier scorecard rating deduction and/or the ability to quote on new business.


4.12.2 Training: Training is strongly recommended for all suppliers for the specific Trade agreements and programs pertaining to your region.

**5.0 Records/Logs**

Not applicable.

**6.0 References**

Adient Supplier Portal: <https://www.adient.com/suppliers>


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**7.0 Appendix**

**DMR Appendix**

| Level  | Category  | Definition  |
|--------|---|---|
| Header | Incomplete/Inaccurate Commercial Invoice                      | International shipment where the commercial invoice is missing info.  |
| Header | Late Shipment against Defined Delivery Window                 | Entire shipment arrives after scheduled window time and was not the fault of carrier delay  |
| Header | Missing Commercial Invoice                                    | International shipment that was missing a commercial invoice  |
| Header | No ASN  | Supplier doesn't send an ASN for the entire shipment, or it arrives later than the shipment. Should be used for suppliers that are ASN capable or been told to be capable and have not complied.  |
| Header | Incorrect ASN   |   |
| Header | PO Discrepancy  | Wrong PO# shown on the packing slip or ASN.   |
| Header | Wrong Ship-to Address   | Shipment that was sent to another Adient facility first or paperwork lists incorrect address. DMR is issued by Adient facility which ultimately receives it (NOT by the facility who received it by mistake).   |
| Header | No Packing Slip/ BOL  | Missing packing slip when shipment arrives  |
| Header | Missing Container Management Confirmation                     | Supplier not adhering to Adient regional returnable container management system   |
| Header | Shipping in the wrong container                               | Supplier shipping without approval in non-approved packaging  |
| Header | Incorrect Freight / Routing Instruction                       | Shipment was delivered by the wrong carrier or through incorrect consolidation point  |
| Header | Early Shipment Against Defined Delivery/ Shipping Window      | Supplier not adhering to defined window delivery and shipping window  |
| Header | None  |   |
| Header | Incomplete Packaging Definition Approval                      | Supplier has not submitted packaging (pdf) for approval   |
| Header | Label Non-Conformance   | Supplier not shipping to Adient labels standard   |
| Line   | ASN Qty Different than Packing Slip                           | Quantity on the ASN doesn't equal the printed quantity on the packing slip. <i>Not used for over or under shipments where a new item is shipped that didn't have an ASN.</i>  |
| Line   | Box Qty Different than Label                                  | Quantity in the box doesn't equal the printed quantity on the label. <i>Not used for over or under shipments where a new item is shipped that didn't have an ASN.</i>   |
| Line   | Incomplete/Inaccurate Packing Slip/ ASN                       | Parts were shipped but not listed on the packing slip/ASN, or there was missing/inaccurate data on the Pkg slip/ASN   |
| Line   | Incorrect Part Number on Label                                | Part number on the label doesn't match part number in the box   |
| Line   | Label Nonconformance  | Label is not printed to Adient standards, e.g. missing barcode, missing part #, Qty info, or CoO (Country of Origin).   |
| Line   | Late Shipment/Loading Against Defined Delivery/Pick-up Window | Item arrives after scheduled window time and was not the fault of carrier delay (could be applicable to one part that was thrown on the second day's truck. Plant should not issue an under shipment DMR when the first truck arrived w/o this part). |
| Line   | Early Shipment Against Defined Window                         | Supplier not adhering to defined delivery window  |
| Line   | Non-conformance to Packaging Specification                    | Parts arrived in expendable when should have been in returnable' s. Parts arrived in wrong sized containers, etc.   |
| Line   | Damaged Packaging   | Component supplier that owns the transportation responsibility. Damaged packaging and components arrival at Adient facility.  |

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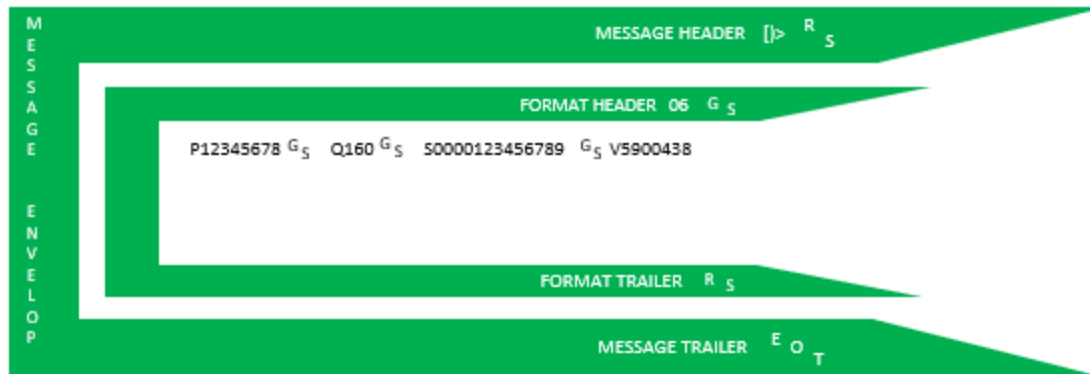
|      |                                       |  |
|------|---------------------------------------|--|
| Line | Over-shipment                         | Supplier shipped more pieces than required in the release; min/max; kan-ban. Assumes the ASN showed this increased Qty and matches the shipment.                   |
| Line | Packing Slip Qty Different than Label | Packing slip shows 40 pieces, box / label shows different quantity.  |
| Line | Purchase Order Discrepancy            | Wrong PO# shown on the packing slip or ASN; wrong freight terms used for shipment  |
| Line | Under shipment                        | Supplier shipped less pieces than required in the release; min/max; kan-ban. Assumes the ASN showed this decreased Qty and matches the shipment.                   |
| Line | Returnable Container Non-conformance  | Adient container assets not returned within 45 days of Adient shipping to supplier. Failure to perform container bookings in Adient's Container Management System. |
| Line | FIFO First in First Out               | Suppliers not shipping to FIFO   |

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Labeling Appendix

## PDF417 2D BARCODE SYNTAX & TECHNICAL SPECIFICATIONS

Data Syntax Structure Example:



Data Syntax:

[ ] > <sup>R</sup> <sub>S</sub> 06 <sup>G</sup> <sub>S</sub> P12345678 <sup>G</sup> <sub>S</sub> Q160 <sup>G</sup> <sub>S</sub> S0000123456789 <sup>G</sup> <sub>S</sub> V5900438 <sup>R</sup> <sub>S</sub> <sup>E</sup> <sub>O</sub> <sup>T</sup>



**Syntax String References:**

|                           |                      |
|---------------------------|----------------------|
| [ ] >                     | Compliance Indicator |
| <sup>R</sup> <sub>S</sub> | Record Separator     |
| 06                        | Data Format          |
| <sup>G</sup> <sub>S</sub> | Group Separator      |
| P                         | Part                 |
| Q                         | Quantity             |
| S                         | Serial               |
| EOT                       | End Of Transmission  |

**Printable Characters:**

| ISO646 Character | Decimal | Hex | Description            |
|------------------|---------|-----|------------------------|
| [                | 91      | 3B  | Part of Message Header |
| ]                | 41      | 29  | Part of Message Header |
| >                | 62      | 3E  | Part of Message Header |

**Non-Printable Characters:**

| ASCII / ISO646 Character               | Decimal | Hex | Description         |
|--|---------|-----|---------------------|
| <sup>R</sup> <sub>S</sub>              | 30      | 1E  | Record Separator    |
| <sup>F</sup> <sub>S</sub>              | 28      | 1C  | File Separator      |
| <sup>G</sup> <sub>S</sub>              | 29      | 1D  | Group Separator     |
| <sup>E</sup> <sub>O</sub> <sub>T</sub> | 04      | 04  | End of Transmission |

Note: Reference the complete ASCII table for Additional syntax string details.

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### Label Examples with the 2D Barcode

|  |  |   |   |
|--|--|---|---|
| <small>(P) Part No.</small><br><b>2264707-201B</b><br> |  |   |   |
| <small>(Q) Quantity</small><br><b>1500</b><br>         | <small>Description</small><br><b>Camry, CVR. RR60 HV<br/>FAB/LTH</b> |   |   |
| <small>(V) Supplier</small><br><b>59000438</b><br>     |  | <small>Mfg. Date</small><br><b>2015-04-05</b> | <small>Ship to</small><br>Adient - Lakewood<br>204 Douglas Ave.<br>Holland, MI. 49424, USA                                  |
| <small>(S) Serial</small><br><b>41366286310</b><br>    |  | <small>Country of Origin</small><br><b>MX</b> | <small>Ship From</small><br>Adient - Tlaxcala<br>Via Corta Puebla KKM. 20.5<br>St. Ana Chiahutempan<br>San Luis Teolochocho |
|  |  | <small>Batch / Lot</small><br><b>152</b>      |   |
|  |  | <small>Eng Level</small><br><b>5</b>          |   |

### Master Label Examples with the 2D Barcode

|  |   |   |   |
|--|---|---|---|
| <small>(P) Part No.</small><br><b>2264707-201B</b><br> |   |   |   |
| <small>(Q) Quantity</small><br><b>6000</b><br>         | <small>Description</small><br><b>MASTER LABEL</b> |   |   |
| <small>(V) Supplier</small><br><b>59000438</b><br>     |   | <small>Mfg. Date</small><br><b>2015-04-05</b> | <small>Ship to</small><br>Adient - Lakewood<br>204 Douglas Ave.<br>Holland, MI. 49424, USA                                  |
| <small>(S) Serial</small><br><b>41366286310</b><br>    |   | <small>Country of Origin</small><br><b>MX</b> | <small>Ship From</small><br>Adient - Tlaxcala<br>Via Corta Puebla KKM. 20.5<br>St. Ana Chiahutempan<br>San Luis Teolochocho |
|  |   | <small>Batch / Lot</small><br><b>152</b>      |   |
|  |   | <small>Eng Level</small><br><b>5</b>          |   |

### Mixed Load Label Example

|   |  |
|---|--|
| <h1 style="margin: 0;">MIXED LOAD</h1>              |  |
| <small>(V) Supplier</small><br><b>59000438</b><br>  | <small>Ship to:</small><br>JCI - Lakewood, dock 1<br>204 Douglas Ave.<br>Holland, MI. 49424, USA                                   |
| <small>(S) Serial</small><br><b>41366286310</b><br> | <small>Ship From:</small><br>JCI - Tlaxaca Mexico<br>Via Corta Puebla KKM.<br>20.5<br>St. Ana Chiahutempan<br>San Luis Teolochocho |

Label Field and Dimension and Layout



Font and Size Specification

