

Supplier Logistics
Manual for HARMAN
Automotive

Global Supply Chain Operations



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Preface

This Supplier Logistics Manual is intended to provide **all direct materials Suppliers** (henceforth: "Suppliers") of **HARMAN Automotive Division** business operations (henceforth: HARMAN) a **global guidance and operational instruction** about the forecasting and ordering process from HARMAN to Supplier and how to fulfill Supplier delivery and operative obligations to HARMAN.

The requirements in this Manual are in addition to the requirements outlined in any other executed Master Purchase Agreement (MPA), issued Purchase Order ("PO"), or Scheduling Agreement (including the General Terms and Conditions incorporated therein (www.HARMAN.com/supply-chain) (collectively "Purchase Agreement"). To the extent of any contradiction between this Manual and any Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

This Manual sets forth the data, communication requirements, forecasting, ordering, shipping, and logistics procedures to support daily collaboration between HARMAN and Suppliers.

This Manual is global and contains/references requirements and provides guidance independently of country of origin or HARMAN delivery address. Supplier is required to perform all transactions in full compliance with applicable laws and regulations.

This Manual will not detail HARMAN's country-specific or regional requirements, but wherever such a set of requirements is available it will reference those, and in case of conflict the local requirements will supersede the general global requirements.

This Manual is specific to the requirements of HARMAN Automotive manufacturing and supply chain operations. For logistics requirements for other HARMAN divisions or HARMAN indirect Suppliers, please contact your HARMAN Buyers. For our quality requirements, please consult the Supplier Quality Manual (www.HARMAN.com/supply-chain)

This Manual is owned by HARMAN SIOP (Sales, Inventory, and Operations Planning), Automotive Supply Chain Management. This Manual replaces and supersedes any previous version of the Supplier Logistics Manual applicative to automotive-related products.

This is an online document; any printed copy is for reference only.

Communication between HARMAN and Supplier

Supplier data exchange

Electronic collaboration and information exchange for on-time received order management / material movement information and transparency.

Available options¹:

- EDI connection & setting – Expected as default.
- WebEDI – Option if EDI is not feasible technically (justification needed);

Information to be provided:

HARMAN to Supplier

- POs or spot buy PO-s
- Scheduling agreements
- Forecast (AKA EDI Releases, unconstrained and constrained forecast, delivery call-off, scheduled releases, production releases)

Supplier to HARMAN²:

- Order confirmation - Supplier Delivery Promise (SDP)
- Advance Shipping Notification (ASN) – simultaneously the shipping documentation is generated.
- Response for unconstrained and constrained forecast

The supplier must immediately alert HARMAN in case of any technical or operational issue related to HARMAN-managed software.

EDI connection & setting

The usage of electronic collaboration and information exchange solutions is fundamental in the HARMAN supply chain business network. The ability to take part in Electronic Data Interchange (EDI) is an essential pre-condition for efficient cooperation with Suppliers. For this reason, HARMAN requires all Suppliers to be able to transmit data using Traditional EDI or, if EDI is not feasible, WebEDI.

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- ¹ In case EDI/WebEDI is not feasible technically (justification needed), or due to the nature of the data. i.e.: Order Book, Invoice list reports, etc., Excel spreadsheets may be acceptable if approved in advance by HARMAN.
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Suppliers must use the full functionality of the programs they have enrolled in and alert HARMAN in case of any technical or operational issue related to HARMAN-managed software infrastructure. HARMAN is constantly evolving its collaboration toolset and will require Suppliers to connect via more advanced platforms.

Any question or request regarding EDI or WebEDI must be addressed to the proper HARMAN Material Planner or Category Manager.

Transmission via Electronic Data Exchange

It is preferable to connect with Suppliers using traditional EDI for the communication of purchasing documents from HARMAN to Suppliers including Purchase Orders, Scheduling Agreements, and Demand Forecast ("Purchasing Documents"), and for the communication of Advance Shipping Notifications ("ASN") from the Supplier to HARMAN. The supplier is responsible for creating and transmitting the ASN message when shipping documents are generated and ensuring information quality in the message.

HARMAN may extend the scope of EDI beyond these minimum transactions to further collaboration opportunities. HARMAN can send either ANSI 830 or EDIFACT DELFOR messages, therefore Supplier must be capable of receiving both ANSI 830 and EDIFACT DELFOR messages.

EDI implementation is managed by HARMAN Digital Supply Chain and may be initiated either by HARMAN Procurement or Materials Planning. EDI mapping and testing are required for each HARMAN plant.

Any question or request regarding EDI must be addressed to the proper HARMAN Material Planner or Category Manager.

HARMAN Supplier portal WebEDI

If the Supplier is not capable of establishing a traditional EDI connection, the Supplier must join the WebEDI service arranged by HARMAN (may also be referenced as HARMAN portal). Web EDI is an internet-based information system for the communication of Purchasing Documents from HARMAN to Suppliers and the communication of ASNs from the Supplier to HARMAN. The supplier is responsible for creating and transmitting the ASN message when shipping documents are generated and ensuring information quality in the message.

WebEDI implementation is managed by HARMAN Digital Supply Chain and may be initiated either by HARMAN Procurement or Materials Planning. EDI mapping and testing are required for each HARMAN plant.

Any question or request regarding Web EDI must be addressed to the proper HARMAN Material Planner or Category Manager.



Contacts & escalation pathway

Effective communication and information exchange is key.

Constructive cooperation between Supplier and HARMAN requires targeted, accurate communication of information. The key elements are:

- Prompt and unsolicited notification of any supply chain-related changes.
- Compliance with and monitoring of volume agreements made.
- Use of state-of-the-art communication systems.

Supplier and HARMAN shall appoint specific contacts to be responsible for acting as points of contact. Supplier shall appoint its contact by name, including his or her position, e-mail address, landline office telephone number, and mobile phone number, along with a telephone number to use in emergencies (the "Emergency Hotline"). A backup contact is also required in case the primary contact is out of the office or not available.

Full contact details of the designated contact person, their backup, and the next 2 levels of operational escalation points, as well as Supplier emergency contacts, must be maintained and provided to all HARMAN purchasing entities (plants, material planners, category managers).

If performance problems are detected at the Supplier an escalation process will be initiated by the Operational Procurement Team at HARMAN, involving the relevant HARMAN departments.

Supplier must provide the following contact information, which must be updated yearly:

- Quality contact information – Name, email address, telephone number.
- Delivery / Shipping contact information – Name, email address, telephone number.
- Production contact information – Name, email address, telephone number.
- Materials Planning contact information – Name, email address, telephone number.

General collaboration and communication requirements

Suppliers must designate one key contact personnel responsible for handling logistics support for each HARMAN Plant. If HARMAN plants are handled by a single Supplier customer service team, the same contact person should be responsible for all HARMAN plants. A designated contact person must be:

- available for HARMAN inquiries during business hours of Supplier location,
- trained in Supplier and HARMAN processes, and
- able to access Supplier logistics data (including but not limited to production planning, production execution, stock, sub-supplier commitments, warehousing, and delivery logistics) and Supplier's regional fulfillment operations contacts.



The standard language of communication between HARMAN and Suppliers is English. Both designated contact persons and their backups must be able to communicate to any HARMAN location in English both verbally and in writing. In the case of regional customer service support, local language contacts are preferred, with English required to be an available alternative language of communication.

The supplier must provide all HARMAN Plants with the physical address and operating hours of their facilities in case HARMAN is responsible for freight pickup at the Supplier's location. In the case of multiple facilities/locations, the same information must be made available for each facility.

The contact person and/or his/her backup nominated by the Supplier must be available on working days during working hours.

Outside working hours, the Supplier must provide HARMAN with the emergency contact person(s) who may be contacted outside the Supplier's normal business hours.

Outside of its standard local working hours, the Supplier shall remain available via the Emergency Hotline during the HARMAN plant production hours. The emergency contact reached by way of the Emergency Hotline shall have access to decision-makers who can authorize immediate emergency response actions.

Annual Supplier data maintenance

To enable error-free demand planning and ordering, Suppliers are required to communicate both to HARMAN Procurement (Category Managers) and HARMAN Plants Planning (Materials Planners from each manufacturing site) the following parameters before initial setup for first Purchasing Document placement. Supplier is also required to obtain HARMAN Procurement approval of any change before it takes place, and/or of any temporary deviation from material logistics parameters.

Supplier is also required to submit a validation at least two times per calendar year which contains the following parameters in below format:

Annual Supplier Data Maintenance HARMAN-SUPPLIER / Purchasing Conditions	
HARMAN Plant code	
HARMAN Plant Name	
HARMAN Part Number	
Description	
Manufacturer Part Number	
Vendor Name	
Vendor Code	
Lead Time (calendar/working days)	
Frozen Window (calendar/working days)	
Incoterms	
COO (Country of Origin)	
Unit Price	
Currency	
Annual Forecast	
Forecast commit (=capacity conf 100%)	
Forecast commit (=capacity conf 120%)	
NCNR / LTSA Volume	
Minimum Order Quantity	
Rounding value or standard pack quantity	

In case of any planned change in the above information, the Supplier must notify HARMAN and obtain approval from the Category Manager.

The supplier must provide an annual validation to HARMAN Procurement (Category Managers) and HARMAN Plants Planning (Materials Planners from each manufacturing site) before January 31st of each year.

Public Holidays and other restrictions

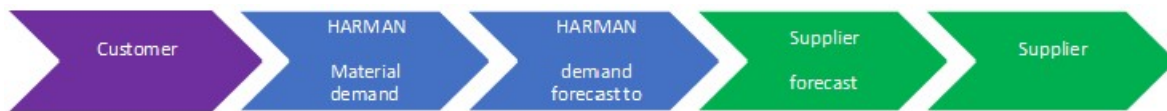
The supplier must provide all HARMAN Plants with their business calendar: holidays, manufacturing shutdown times, annual inventory dates, etc.

In addition to the points described, it is Supplier's responsibility to ensure that HARMAN requirements are met under any circumstance or holiday. In case any of the ship dates from Supplier fall on a holiday or shutdown time, Supplier must ship in advance to meet the due date at HARMAN site.

Forecasts and demand

Purchasing via Scheduling Agreement + Forecast

- The Scheduling Agreement document establishes the work authorization. It also defines the items, the Supplier, and the timeframe of authorization, and regulates terms and conditions of purchase including pricing, payment, and delivery terms. The Scheduling Agreement is only issued once at the beginning of the authorization period based on the procurement commercial agreement and covers the ongoing material demand forecast referenced in the Scheduling Agreement.



HARMAN Demand Forecast to Suppliers

- Material Demand Forecast may also be referred to as Release(s), EDI Releases, forecast, delivery call-off, scheduled release(s), or production release(s).
- This is a set of information related to an Order (Scheduling agreement or Purchase orders) that specifies the required delivery dates, and the required quantities to be delivered to HARMAN on those dates. Material demand forecast is part of the Order. Changes are updated weekly, preferably through automated electronic data exchange.
 - Both quantity and time are of the essence, only on-time delivery in full is considered On-time Delivery Performance that meets HARMAN's requirements.
 - Delivery date is the date when the Supplier must fulfill the entire delivery at the place defined in the Delivery Terms section of the Scheduling Agreement.
 - HARMAN consolidates requirements in weekly batches unless otherwise agreed with the Supplier.
 - Suppliers must ensure requirements are calculated for the day of the week that the Supplier is best capable of delivering the goods to HARMAN (planning calendar).
 - Unless explicitly agreed to in a separate Agreement or preapproved by HARMAN in writing, early delivery of goods is not accepted. If the Supplier delivers Products more than two business days in advance of the specified delivery date without prior request or approval from HARMAN, HARMAN may either return such Product at the Supplier's risk and expense for subsequent delivery on the specified delivery date or retain such Products and make payment when it would have been due based on the specified delivery date. Risk of loss for excess quantities delivered to HARMAN will only pass upon acceptance of such excess by HARMAN.
 - Quantity is calculated as multiples of the rounding value or packaging quantity. Suppliers should align with HARMAN Plants and Category Manager to ensure the forecast quantity is in multiples of the rounding value or packaging quantity specific to their plant.



HARMAN Manufacturing performs Material Requirements Planning (MRP) every week and will update the Forecast accordingly.

In case HARMAN sends more than 1 release during the week, the Supplier should consider the latest release as the valid release.

In case of changes, for delivery dates and quantities the latest updated and transmitted Forecast is decisive.

- The running day for the MRP varies from one manufacturing site to another. The day of reception for updated weekly releases varies according to the MRP running day at each manufacturing site.
- Supplier is responsible for notifying HARMAN in case the updated weekly release is not received each week. Notification must be sent to the Material Planning Team for the HARMAN site.
- The time horizon of the Forecast varies by manufacturing plant, program, or Supplier. HARMAN will generally provide a demand forecast up to or more than the full commercial lead time of the components.

The horizon of HARMAN forecast consists of 2 time periods (zones):

- **Firm zone** (also known as a firm period): this shall mean that the quantity and delivery dates are fixed in the respective Delivery Schedule and can only be changed in mutual agreement between HARMAN and the Supplier. To align the material flow to automotive requirements, HARMAN allows a frozen window (fixed horizon) covering the transport time from the last shipping point of the Supplier for Contract Products supplied to HARMAN.
- **Forecast beyond firm zone** (SAP term: Planning Zone) contains volumes that are non-binding for HARMAN. Suppliers must utilize this data for their manufacturing and sub-tier supply chain capacity planning.

Purchase orders

Maintenance of terms and conditions of purchase

To enable error-free demand planning and ordering, the Supplier must communicate with the HARMAN Procurement (Category Managers) teams, who update HARMAN Plants (Material Planner) with the parameters indicated in the section Annual Supplier Data Maintenance.

This information should be reconfirmed by the Supplier minimum every six months via the “Annual Supplier Data Maintenance” submission (please refer to the table on page 9)

Supplier is required to obtain HARMAN Procurement before written approval of any change and/or temporary deviation from material logistics parameters.



In line with the response to the requirements below, the Supplier acknowledges the Purchasing Documents in lieu of a negative response from the Supplier and is obliged to fulfill accordingly.

Type of purchase documents

For ongoing demand fulfillment authorization for Suppliers, HARMAN creates Scheduling Agreements (also known as SA, blanket order, blanket PO, or frame order) as a form of purchasing documents. This is the preferred ordering method for direct materials used in the mass production of HARMAN products.

Scheduling Agreements are created by the Procurement Operations team based on the commercial terms and conditions negotiated and documented by HARMAN Procurement. Nevertheless, material demand planning and purchasing execution are done locally by the Material Planning function of our manufacturing plants and pilot factories.

In some cases, HARMAN Material Planner at a plant might create Purchase Orders for infrequent/irregular purchases such as purchases of service parts, components for R&D testing, small infrequent orders, last-time buy orders, etc.

Purchase commitments

Supplier Delivery Promises

The Supplier Delivery Promise (“SDP”) requirement is in addition to the standard Advanced Shipping Notification (ASN) requirement. The supplier must support ASNs for all HARMAN shipments via the standard connection (EDI or WebEDI) that is in place between the Supplier and HARMAN.

The integration of Advanced Shipping Notifications and Supplier Delivery Promises are key factors to improve our end-to-end collaboration across our supply chain and to meet our customer’s expectations and requirements.

- ASN – via EDI / WebEDI to SAP
- SDP – via EDI (Excel upon specific agreement only)
- SDP Requirements:
 - SDP must be submitted in a HARMAN-provided template. Supplier may only use its template if it contains all the requested information in HARMAN’s template.
 - SDP must provide a minimum 26-week horizon.
 - SDP must be updated weekly (preferably every Mon/Tue), based on the latest EDI from relevant HARMAN sites.
 - ASNs (material in transit) should be excluded from the SDP report.
 - SDP reports in Excel must be sent by email to both the local material planner and the following recipients for each applicable plant:
 - sa_delivery.promises_pu@HARMAN.com -- Pune *



- sa_delivery.promises_pecs@HARMAN.com -- Pécs *
- sa_delivery.promises_sz@HARMAN.com -- Székes *
- sadelivpromszii@HARMAN.com – Székes 2 *
- SAdelivPromQT@HARMAN.com -- QRO *
- SAdelivPromMA@HARMAN.com -- Manaus *
- SAdelivPromSU@HARMAN.com -- Suzhou and Suzhou Bounded*
- SAdelivPromJZ@HARMAN.com -- Juarez *
- sadelivpromda@harman.com – Dandong *

HARMAN will modify releases following HARMAN's customer's requirements in each weekly release cycle. Suppliers should conduct proper due diligence to assure the availability of material in case of increases and to mitigate excess inventory exposure in case of reductions.

If the Supplier is unable to meet HARMAN's requirements in the releases within the designated timeframe then the Supplier must promptly notify the HARMAN Material Planner at each affected plant and establish a corresponding action plan.

Advanced Shipping Notifications

The Supplier is responsible for creating the Advanced Shipping Notification (ASN) and transmitting it to HARMAN via EDI or WEBEDI before the shipment leaves the shipper's facility. Where no such electronic enablement is in place, Suppliers are required to provide shipping notification/shipping reports to the purchasing HARMAN plants.

HARMAN's connection preferences are prioritized in the following order:

- EDI*
- WEB EDI**

* To enable EDI connection contact your HARMAN Category Manager who will connect you with the proper department.

** The user guide to navigating the WEB EDI portal is available upon request. Contact your local material planner.

The supplier must ensure the accuracy of the information transmitted in the ASN and SDP such as:

- Quantity
- Arrival date at HARMAN

Packaging

Packaging

Packaging is specified and agreed upon for each material between HARMAN and the Supplier following ecological, economic, and qualitative criteria. Packaging must be adequate to protect the goods during freight and storage, in a production-ready and defect-free condition.



Unless HARMAN articulates specific requirements, both returnable and expendable packaging should be proposed by the Supplier including design and cost. The final decision on the packaging is made by HARMAN, documented at product qualification, and as part of the requirements to the Supplier. Any change to the agreed packaging must be preapproved by HARMAN Procurement and Material Planner before commencement. The supplier is responsible for maintaining the condition of returnable packaging, including shipping containers.

Labeling must ensure proper identification of the product and its shipping units during handling, transportation, storage, and manufacturing processes.

Minimum data content and format requirements are listed in the Packaging Requirements documents (<https://www.HARMAN.com/supplier-packaging-requirements>), unless specified otherwise by a HARMAN drawing or technical specification.

Marking labels for sample parts

Sample parts shall be sent exclusively to the delivery address specified in the order. In addition, sample parts must be marked as such on the outer packaging. How sample parts are to be labeled shall be agreed upon with the HARMAN contact in advance. Sample shipments shall never be delivered together with a series delivery (on pallets, pallet cages, etc.), and must only be delivered in separate packing units.

Packaging specifications

All Packaging specifications can be found at <https://www.HARMAN.com/supplier-packaging-requirements>

- HARMAN Supplier Packaging Guidelines, North and South America, Connected Car, and Lifestyle Divisions
- Packaging manual for electronic manufacturing of Automotive Division (English)
- HARMAN Requirements for Suppliers – Overseas Packaging

Returnable packaging

It is defined by HARMAN Procurement whether the returnable packaging is provided by HARMAN or to be procured by the Supplier. Furthermore, responsibility and cost charging for the packaging is defined by HARMAN Procurement. The planning and specification of the packaging must be agreed upon with the respective HARMAN packaging planner at the receiving plant. In case of any damage in the returnable packaging (HARMAN property), the Supplier will be charged for the recovery cost for packaging damaged while in the Supplier's possession according to the agreed INCOTERM between the HARMAN site and Supplier.



Transport and delivery

Suppliers must adhere to the Delivery Terms (Incoterms 2020) indicated on the Purchasing Documents (including Discrete POs and Scheduling Agreements) when fulfilling orders.

Document requirements

Supplier is required to share with the local material planner the following documents for each shipment via email:

1. Commercial invoice that must contain:
 - HARMAN PN
 - Manufacturer PN
 - Purchase order or Scheduling agreement
 - Description
 - Quantity
 - Unit of measure
 - Weight (gross & net)
 - Country of origin
 - US HTS
2. Packing list
3. Tracking number or e-booking
4. Material Safety Data Sheet (MSDS) if it applies
5. Certificate of origin

Customs papers and customs certificates must be prepared as required by law.

Invoicing Requirements

Suppliers must provide HARMAN with a commercial invoice to facilitate payment for the goods purchased and to enable foreign trade transaction processing. HARMAN invoice requirements are located at www.HARMAN.com/supply-chain, in the Invoicing Requirements & Payment Inquires section: [Invoicing Requirements](#), [Payment Inquires](#), and [Invoicing and AP contact list](#).

Invoices must include information sufficient to enable HARMAN to easily identify the subject Products. Separate invoices are required for each shipment. Alternatively, at the election of HARMAN, the Parties will use HARMAN's Evaluated Receipt Settlement ("ERS") system, in which invoices will be generated by HARMAN and sent to the Supplier. Supplier shall review all ERS invoices for accuracy and must provide any objections within 90 days. HARMAN may withhold payment pending receipt of evidence, in the form and detail as HARMAN may direct, of the absence of any liens, encumbrances, or claims on the Products.

Standard freight

Delivery to HARMAN by Supplier's logistics service providers

When the Supplier is responsible for the logistics to a designated point based on the Delivery Terms stated in the Purchasing Documents, the following Supplier obligations come into effect:

- Organizing transportation.
- Ensuring that the service provider contacts the respective Material Planner in HARMAN as soon as the parts are collected.
- Providing the necessary information to HARMAN's Material Planner for customs clearance processing.
- In case of damage to the goods or packaging material, the shipment will be returned to the Supplier at the Supplier's cost.

When a shipment is lost during transit, the Supplier must at HARMAN's election:

- Replace the shipment with the same quantity and send it via expedited transportation
- Issue a credit note to HARMAN, refunding the amount for the lost shipment.
- Oversee the delivery performance of the Supplier's logistics service providers.

It is expected that throughout all the stages of the processes, the Supplier maintains direct communication with their logistics service provider to facilitate shipment tracking. However, under no circumstances is HARMAN expected to contact the Supplier's service provider directly.

Delivery to HARMAN by HARMAN's logistics service providers

The supplier must anticipate and adjust their shipping plan considering their holiday schedule to guarantee that HARMAN will not have any delay in shipments. Supplier is obligated to expedite parts at its own cost for delayed delivery.

For all shipments >70kgs where HARMAN covers the transportation cost:

- The Supplier is required to make a transport booking in the HARMAN Transport Management System (TMS).
- This system is operated by the BDP 4PL organization for HARMAN and may also be called Control Tower. Detailed Control Tower user manual and recorded Supplier training sessions are available on request.
- After submitting the transport booking, the Supplier will receive an email from the BDP 4PL team to advise which HARMAN contracted forwarder will pick up the shipment.

For any transportation need or inquiry, please contact the regional Control Tower operations teams at:

- APAC_HARMAN@bridgenetsolutions.com
- NAM_HARMAN@bridgenetsolutions.com
- EMEA_HARMAN@bridgenetsolutions.com

For all shipments <70kgs where HARMAN covers the transportation cost:



- The Supplier is required to book the shipment directly with the HARMAN preferred parcel carrier (DHL, UPS, FedEx).
- These shipments must not be palletized and should be packaged in loose cartons (units), each not exceeding 32kgs.
- The HARMAN material planner will advise on the correct parcel carrier and account number that can be used for shipment booking.

The supplier should only use HARMAN parcel carrier accounts for preauthorized shipments by the Material Planner at each plant in line with these Guidelines.

A shipment weighing over 70 kg cannot be divided into cartons to avoid shipment through the HARMAN Transport Management System.

Premium freight

Any deviation from standard freight arrangements (freight service level, mode of transportation, routing) must have a previous agreement between HARMAN Material Planner at each plant and the Supplier, documented in writing or the BDP 4PL tool.

Expedite freight when the Supplier is delayed or at fault

The Supplier shall bear the cost of expedited freight and should use their carriers of choice to arrange expedited transportation, ensuring the fastest available delivery to HARMAN. In case a HARMAN logistics service provider or forwarder account is used, the Supplier shall reimburse HARMAN for all related costs. Suppliers must provide HARMAN with full shipment traceability.

Expedited freight upon HARMAN request when Supplier complies with HARMAN orders

- Expedited Freight of Supplier managed transportation:

In case HARMAN requests freight service level upgrade or expedited freight of a shipment, in writing, where transportation is managed by the Supplier as standard, HARMAN Material Planner will send a request via email with the exact part number and quantity that required to be expedited, the assigned parcel carrier, and the account number that can be used for shipment booking. In these cases, the delivery terms on the commercial transactional documents (e.g. invoice, delivery note, packing list) must reflect the change (fall back to EXW terms).

- Expedited Freight of HARMAN-managed transportation:

In case HARMAN requests a freight service level upgrade or expedited freight of a shipment where the standard mode is transportation by HARMAN, the Supplier must book transportation in BDP 4PL tool, and then HARMAN Material Planner will initiate the change to an existing booking with BDP 4PL. After internal approvals, the Supplier will be contacted by the appointed logistics service provider for pickup arrangements.



- Hand Carry

In case HARMAN requests a freight service upgrade to a Hand Carrier, the Supplier must share all the details about the material that will be shipped, such as:

- Weight and dimensions of the package.
- Pickup time, when the material will be ready to ship.
- Pickup address and contact information.
- Invoice, Delivery Note, Packing list, and all the needed documents for customs clearance.

Equipment utilization

HARMAN's goal is to execute the transport in the most cost-efficient way with the least environmental impact. Suppliers must pay attention to the transport equipment's utilization rate.

To get this utilization as high as possible the following guidelines apply:

- For overseas shipment via ocean, freight orders need to be combined into 1 shipment per week.
- Suppliers should avoid shipping LCL shipments. Shipments need to be combined as much as possible in FCL shipments.

Careful planning by the Supplier is required to maximize equipment utilization and minimize transportation costs.

Pallets should be designed and built for stacking. The packaging material used must support stacking without damaging the products. If the material cannot be safely stacked, please provide a detailed explanation in writing to HARMAN procurement and logistics teams for review.

Supplier is encouraged to proactively reach out to HARMAN with any improvement idea related to equipment utilization.

Hazmat and dangerous goods shipments

In case of a shipment of Hazardous Materials / Dangerous Goods, Suppliers must make the transportation booking in BDP 4PL Tool, marking the shipment as Dangerous Goods (DG) freight at booking. Once the Control Tower appoints a 3PL logistics service provider, Suppliers should contact the appointed forwarder for detailed requirements.

Quality

For our quality requirements, please consult the Supplier Quality Manual (www.HARMAN.com/supply-chain)

Supplier scorecard

HARMAN will make frequent Supplier evaluations via Supplier scorecards every quarter. The Supplier evaluations intend to identify and report Supplier performance in Quality, Delivery, Cost, Risk, and Sustainability. It also helps to identify opportunities for Supplier improvement. The results of these evaluations will be reported internally at HARMAN and to the Supplier. At HARMAN, these results will be considered in the sourcing process and awarding of new business. Suppliers must take measures that lead to continuous improvements in these evaluation results.

Crisis management

Deviation management

To ensure seamless manufacturing and supply to HARMAN, it is imperative to develop and regularly update emergency and contingency plans. These plans, involving key stakeholders such as the Category Manager, Critical Supplier Manager, and Material Planner at the plant level, must be agreed upon and communicated by email. The plans should cover various contingencies, including electronic data processing failures, and ideally follow the DFMEA approach.

In the event of issues such as technical failures, capacity bottlenecks, or quality problems, Supplier management is obligated to implement existing contingency plans. These plans should include corrective and preventative measures agreed upon with HARMAN to prevent prolonged disruptions in the downstream supply chain (HARMAN - CUSTOMERS).

Contingency plans must be prepared for the following situations, and all the involved Supplier employees must be trained accordingly:

- Data processing backup
- Problems caused by power failure and/or in data cables
- Problems caused by labor disputes
- Breakdown in the procurement of ROH materials
- Problems in production (e.g., also caused by fire, flooding, etc.)
- Capacity bottlenecks
- Quality problems
- Breakdown in dispatch handling
- Transport backup

Additionally, HARMAN expects the Supplier to implement measures ensuring supplies during exceptional cases. This may involve maintaining a safety stock or adopting a flexible production



model. If agreed-upon measures are deemed insufficient, HARMAN reserves the right to request the Supplier to establish safety stocks. These backup measures must be presented during the HARMAN Logistics Execution Audit and disclosed upon HARMAN's request.

Supplier is also expected to proactively demonstrate how supply guarantees can be met in the face of problems, employing risk minimization elements such as safety stocks and alternative production methods.

Special transportation and process failures

Special shipment transports should be organized by either Supplier or HARMAN based on the principle of causation. These forms of transport are initiated when a deviation from the standard transport method is necessary due to process disruptions or failures, aiming to reduce transport times.

The supplier must inform the responsible HARMAN contact of the transport details, and costs associated with special transports should be borne by the party responsible for the process disturbance following the causation principle. Written agreement from the HARMAN contact is required if HARMAN is to bear the related costs. All special transport caused by the Supplier is recorded and factored into the Supplier assessment.

Please review the Transport and Delivery sections for further details.

Disruption of delivery

In the event of disruptions (process failures) at the Supplier impacting shipments to HARMAN, the Supplier must take necessary measures to resolve the failure in line with HARMAN quality requirements. If agreements or assurances cannot be met despite countermeasures, then the Supplier must proactively notify the HARMAN Material Planner at each plant, coordinating with them on the resolution.

If requested by HARMAN, Supplier shall provide HARMAN with the following information, at minimum:

- The cause of the disturbance.
- The maximum production capacity available, planned, and actual output quantities, personnel capacity, and the current shift model (number of hours, shifts, and working days per week). Tracking sheets specified by HARMAN shall be completed truthfully and on a rolling basis, providing current figures and data, and transmitted to HARMAN.
- Reviewed alternative production options.
- Feasible options for reducing transportation times by implementing special transport.
- Viable alternative materials.
- Backlog reduction plan.



HARMAN reserves the right to file complaints or claims arising from disruptions, and the Supplier must provide evidence of a defined process for early warning and decision-escalation management.

Supply bottleneck

A supply bottleneck is a point of congestion in our production system that stops or severely slows HARMAN production.

The supplier must immediately notify the respective Material Planner at each HARMAN plant of any anticipated supply bottlenecks affecting deadlines or quantities. Deviations from the delivery schedule must be agreed upon in advance with the HARMAN Material Planner, and any return transport caused by the Supplier is arranged at the Supplier's expense.

In case of supply bottlenecks caused by the Supplier, they are obligated to ensure the maintenance of the production process at HARMAN through partial deliveries and additional measures at their expense.

Trade Compliance

HARMAN is a global entity, which allows the company to have facilities in different parts of the world. Those operations must comply with the customs regulations indicated by the local authorities. In this section of the document, we will explain the specifications established by different regions around the world where HARMAN has a facility or operations.

Remember, all Supplier actions (including the fulfillment of HARMAN Orders), must comply with all laws and regulations relevant to the transaction, including *import and export regulations*. Supplier must correctly indicate the following information (in general for each region) as well as provide supporting documentation, respectively.

As well, the Supplier must provide enough information for HARMAN to be able to properly classify the items for import and export purposes. This includes, but does not limit, this information (which applies to every region that has HARMAN Trade Compliance Operations):

- Full and final commercial invoice alongside the shipment, handed over to the Logistics Service Provider at freight pickup. The original invoice and packing list must be handed over to LSP.
- The invoice must contain the following information:
 - Date
 - Invoice number/reference number
 - Shipper name and address
 - Manufacturer name and address
 - Seller name and address
 - Buyer (EORI number in case of EU import)

- Notify Party
- HARMAN Part Number
- Manufacturer Part Number
- Description of the goods
- Number of pieces / Total of pieces / Quantities
- Unit price
- Total price
- Currency
- Gross weight
- Net weight
- Number of pallets in shipment
- Payment terms
- Method of payment
- INCOTERM®
- Miscellaneous Charges
- All part numbers must be declared one by one.
- PO number
- Country of Origin for each line-item material listed.
- HTS Classification
- Along with the Invoice, a Packing List must be provided to HARMAN, which contains the following information:
 - Shipper name and address
 - Manufacturer name and address
 - HARMAN and Manufacturer part number
 - Description of materials
 - Unit price
 - Total price
 - Currency
 - Total packages
 - Dimension of each package
 - Net weight of each part
 - Gross weight of each part/package
 - Number of pallets or boxes shipped.
 - All parts are declared separately.
 - Country of origin of the parts.
- MSDS (Material Safety Data Sheet), if applicable
- Specification sheet – mandatory
- HTS code at the 6-digit level – upon request
- Export classification code number (ECCN) – upon request
- Country of Origin of the material
- Preferential country of origin of the products
- Certificate of Origin



Each region has specific requirements that the Supplier must comply with if the parts arrive at any port, airport, by land transportation, etc. where HARMAN has Trade Compliance Operations. This includes, but does not limit this information:

Specific Trade Compliance Requirements for HARMAN USA

In addition to the items listed above in this document, the following information should be considered for HARMAN USA operations:

- The invoice must contain the following information:
 - US HTS: Harmonized Tariff Schedule of the United States.
 - Schedule B: The United States uses a 10-digit code to classify products for export, known as a Schedule B number, with the first six digits being the HS number. The Schedule B is administered by the U.S. Census Bureau's Foreign Trade Division.
 - ECCN: An Export Control Classification Number (ECCN) is a five-digit identifier used by the U.S. Department of Commerce to categorize items that are subject to export control restrictions. The ECCN applicable to material, as well as its destination country, end user and end use are all factors in whether an export is legal.

Specific Trade Compliance Requirements for HARMAN USA / Mexico

In addition to the items listed above in this document, the following information should be considered for HARMAN Mexico operations:

- The invoice must contain the following information:
 - Commercial unit of measure
 - INCOTERM (please declare version and location) I.E (the chosen Incoterms® rule) (named port, place, or point)
 - US HTS: Harmonized Tariff Schedule of the United States.
 - HTS: A 10-digit classification number
 - ECCN: An Export Control Classification Number (ECCN) is a five-digit identifier used by the U.S. Department of Commerce to categorize items that are subject to export control restrictions. The ECCN applicable to material, as well as its destination country, end user and end use are all factors in whether an export is legal.
- DDP Incoterm Rule must be avoided on Imports to MX. (If required by the Shipper, it must be approved by a HARMAN Trade Compliance specialist).

Specific Trade Compliance Requirements for HARMAN India

In addition to the items listed above in this document, the following information should be considered for HARMAN India's operations:

- The invoice must contain the following information:

- The invoice number is recorded at import customs clearance and only the customs-authorized invoice can be the basis of payments.
- In the shipping documents, the Supplier must be named as Shipper, even if shipments are fulfilled by “Supplier’s” Logistics Service Provider. Logistics Service Provider company name may only be mentioned as C/O (“care of” – appointed subcontractor).
- Invoice must have the name of the entity of the Supplier to whom payments need to be made by HARMAN India. The complete name of the Supplier/entity of the Supplier who receives the payment needs to be mentioned in the Invoice and Packing List.

The following points need to be considered when shipping to HARMAN India:

- Commercial Shipment: The PO number must be reflected in the Invoice.
- BL/AWB Number: If possible, mention the BL/AWB number in the Invoice.
- The HSN Code of the product is a must.
- Appropriate and Fair value of each item needs to be declared as per PO.
- Total Value: On AWB & Invoice, declared total value must match with each other (Specifically for Courier Shipments).
- Individual Part Description, Part Number, Model Number, Serial Number, make, etc. must be mentioned in the invoice.
- Along with the Invoice, share the proper Packing List which includes the total packages, dimensions of each package in centimeters, net weight of each part, gross weight of each part/package, CBM, etc.
- Shipper Signature and Stamp is a must on the Invoice & Packing List.
- VERY IMPORTANT:
 - Import of USED AND OLD material is restricted. Before sending, please consult with India Logistics team.
 - NO HAND-CARRY SHIPMENTS TO & FROM PUNE PLANT.
 - For Free of Cost (FOC) shipments, the legitimate value of each part needs to be declared on the Invoice. Must not declare material with undervaluation.
 - For Free of Cost (FOC) shipments, the following remark needs to be mentioned on the invoice “No Commercial Transaction. Value Declared for Customs Purpose only”
 - If parts are loose (not assembled), then each part needs to be declared separately in the invoice. Do not mention details of the assembled part in this case.
 - Proper labels need to be attached to each package which include the name and address of Consignor and Consignee, HARMAN Part Number, Invoice Number, Qty/Package, Package Number, etc. All these details must match with Packing List

For detailed requirements on documentation and pre-shipment alerts for customs clearance in India please follow the instructions on the below site:

<https://oneHARMAN.sharepoint.com/teams/loc/APAC/India/CCarOpsLabSupport/SitePages/Automotive%20Division,%20India%20Specific%20-%20Shipping%20Instructions.aspx>

For authorizations or additional questions please reach out to your local planner at HARMAN Pune or via LogisticsIndia@harman.com



Specific Trade Compliance Requirements for HARMAN Brazil

For shipments to HARMAN Brazil (HARMAN Automotive da Amazonia, manufacturing plant in Manaus, Brazil), In addition to the items listed above in this document, the following information should be considered for HARMAN Brazil:

- The invoice must contain the following information:
 - Signature (in Blue Ink) and Stamp is must on the Invoice.
 - Along with the Invoice, the Packing List must be shared. It must be a mirror from the invoice, and signature (in Blue Ink).
- In the shipping documents, the Supplier must be named as Shipper, even if shipments are fulfilled by “Supplier’s” Logistics Service Provider. Logistics Service Provider company name may only be mentioned as C/O (“care of” – appointed subcontractor).

The following points need to be considered when shipping to HARMAN Brazil:

- No material can be imported to Brazil if it is not authorized by the Local Government.
- No material can be shipped to Brazil without previous notification and approval to/from HARMAN Material Planning responsible.
- The cargo that arrives must be with the original documentation (Invoice and Packing List) as only the original documents are accepted by the Local Government. If something must be corrected, the Supplier must send the original corrected documents to the Forwarder.
- AWB Number: if possible, mention AWB number in the Invoice
- If parts are loose (not assembled), then each part needs to be declared separately. Do not mention details of the assembled part in this case.
- Individual Part Description, Part Number, Model Number, Serial Number, make, etc. must be mentioned.

VERY IMPORTANT: NO HAND-CARRY SHIPMENTS TO BRAZIL (MANAUS) PLANT

For authorizations, additional questions, or HARMAN Brazil plant-specific shipments; please reach out to your local planner at HARMAN Brazil or via: leon.silva2@harman.com ; melissa.lins2@harman.com ; keilly.arcanjo@harman.com; Dinah.desideri@harman.com; Natasha.nunes@harman.com; Leilza.dourado@harman.com.

Specific Trade Compliance Requirements for HARMAN Asia (for China)

In addition to the items listed above in this document, the following information should be considered for HARMAN China operations:

“Suppliers” are required to comply with the following requirements:

- Supplier must submit a full, final commercial invoice and packing list to the Logistics Service Provider at the booking stage, and to the approved customs broker upon booking confirmation.



The invoice and packing list must contain the following information:

- Breakdown info by part number

HARMAN PN	Description of Goods	Nbr of Package	UoM (ctn, plt)	Nbr of Pieces	Unit Price (US\$)	Total Amount (US\$)	Net Weight (kgs)	Gross Weight (kgs)
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- HTS: Harmonized Tariff Schedule of origin country and destination country approved by HARMAN GTC
- Schedule B (if applicable): The United States uses a 10-digit code to classify products for export, known as a Schedule B number, with the first six digits being the HS number. The Schedule B is administered by the U.S. Census Bureau's Foreign Trade Division.
- ECCN (if applicable): An Export Control Classification Number (ECCN) is a five-digit identifier used by the U.S. Department of Commerce to categorize items that are subject to export control restrictions. The ECCN applicable to material, as well as its destination country, end user and end use are all factors in whether an export is legal.
- Along with the Invoice, the Packing List must be shared. It must be a mirror from the invoice.

Specific Trade Compliance Requirements for HARMAN EMEA

In addition to the items listed above in this document, the following information should be considered for HARMAN EMEA's operations:

- The invoice must contain the following information:
 - Supplier name, address, and contact details (email)
 - Consignee name, address, and contact details (email)
 - EORI number (Economic Operators Registration and Identification)
- DDP incoterms must be avoided! Not accepted under HARMAN standards.
 - Payment terms
 - HS code (6 digits)
- Along with the Invoice, the Packing List and Air Waybill (AWB) must be shared.
- Keep records of HARMAN EORI numbers! HARMAN will also add the EORI number to the transport bookings that "Suppliers" receive via Bridgenet Solution.

Country	Company name	Division	EORI nr
Germany	HARMAN BECKER AUTOMOTIVE SYSTEM GMBH	Automotive	DE3091031
Hungary	HARMAN BECKER GEPKOCSIRENDSZER GYARTO KFT	Automotive	HU0000094065

- For shipments to HARMAN Hungary plants specific, please reach out to your local customs team:
 - SzekesfehervarCustoms@harman.com
 - Pecs_Customs@harman.com .



- For additional trade compliance-related questions in the EMEA region, please contact EMEATradeCompliance@harman.com

Requirement for Free of Cost FOC shipments to all countries:

- VERY IMPORTANT: the legitimate value of each part needs to be declared on the Invoice and must comply with the requirement of Fair Market Value.
- VERY IMPORTANT: the following remark needs to be mentioned on the invoice “No Commercial Transaction. Value Declared for Customs Purpose only”

The Global Classification team may contact the Supplier with clarification questions about the goods if the specification sheet does not contain all the information necessary to properly classify the goods or if any documentation does not comply with the above points. “Suppliers” also must adhere to all HARMAN policies.