

**AT-1700**

**ALLISON TRANSMISSION, INC. (ATI)**

**PACKAGING, IDENTIFICATION, AND GLOBAL SUPPLY CHAIN REQUIREMENTS**

**Version 2.2, 3/3/2023**

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# Definitions

**ATI Location** – The term ATI Location can refer to any Allison Transmission, Inc. division and/or alliance partner plant, facility, warehouse as specified by ATI, including ATI aftersales

**SOR** – Statement of Requirements

**Tier 1** – Supplier that is contracted directly with ATI

**Tier 2** – Supplier that is contracted with a Tier 1 supplier

**Seller** – The Supplier (can be used interchangeably)

**User Block Duns –** A “dummy” Duns creates a relationship between primary manufacturer and the ultimate shipping location.

**Tier N**- Tier 1 and all subsequent Tiers

**Tier 2 Ship-direct**- Tier 2 supplier that is on contract for shipping parts directly to ATI on behalf of a Tier 1

# GENERAL INFORMATION

The following supply chain requirements are part of the Terms and Conditions of a Supplier’s Purchase Order / Seller’s contract with Allison Transmission, Inc. (ATI). They are required for suppliers to ATI’s facilities. Unless otherwise agreed in writing, in case of any conflict between this document and ATI’s Purchase Order Terms and Conditions, the Purchase Order Terms and Conditions shall take precedence. Any exceptions to any of the terms and/or requirements contained in this document must be approved, in writing, by Allison Transmission, Inc. Supplier must be prepared to answer questions relating to this document during the Technical Review Meetings, or any other meetings called by ATI. Important note: In the event that ATI has engaged and designated a supply chain provider to direct, manage, and control any or all aspects of ATI’s supply chain management, any references in this document to ATI shall be construed, where relevant, to refer to ATI, or the Logistics Service Provider(s) contracted by ATI. As used herein, “Seller” and “Supplier” are interchangeable.

# Capacity Management

Supplier Daily Capacity and Hours should be provided to Supplier’s ATI Buyer. This information is initially collected through a Request for Quote (RFQ), and is included in Supplier’s contract with ATI. For specific Capacity requirements, refer to the RFQ.

The supplier is expected to maintain processing, tooling, and material capacity that is sufficient to meet the daily Lean Capacity Rate (LCR) for all plants and all service part material schedules and Run @ Rate requirements (including downtime for preventative maintenance) in one production day. The supplier must also support the Maximum Capacity Rate (MCR – defined as the LCR plus 15%) without additional ATI resources (including additional tooling) on a sustained basis.

At the point when a part ceases to be used in the assembly of ATI products (the part is considered “past model”), the supplier is expected to maintain sufficient processing, tooling, and material capacity to support ongoing service part requirements. The supplier is expected to maintain “past model” part capacity until the part is discontinued by all ATI Service & Parts Operations (also referred to as Aftermarket sales or Parts & Accessories). During the ten (10) year period after Buyer completes current model purchases, Seller will sell goods to Buyer to fulfill Buyer’s past model service and replacement parts requirements.

Under normal circumstances, it is expected that the supplier’s daily capacity or contracted capacity for a part is greater than or equal to the established Lean Capacity Rate (LCR) for that part. Therefore, the supplier is obligated, by way of the RFQ and their contract, to provide the LCR plus 15% on a sustained basis.

If the supplier identifies an instance where total ATI material requirements exceed, on a global basis, the LCR or contracted capacity level plus 15%, and the supplier cannot meet the requirements through production planning methods such as banking, they are expected to notify the appropriate ATI Global Purchasing and Global Supply Chain representatives to begin developing a resolution plan.

The Tier 1 Supplier is required to ensure that all tiered suppliers in the supply chain (including raw material suppliers) have been contracted for sufficient capacity to ensure ATI's contracted capacity requirement from the Tier 1 supplier can be fulfilled.

# COMMUNICATIon

## Protection of Supply

In the event of unforeseen circumstances that have the potential of impacting the supply chain, the Supplier shall 1) inform the affected ATI Location, and 2) contact the appropriate ATI Buyer(s) and Material Planner(s). Supplier will be responsible for developing and implementing a protection of supply strategy for Production and Service. ATI has the right to request buffer stock inventory, at the Supplier’s cost when it is determined that Supplier has caused the issue prompting the requirement of additional buffer stock. For parts that are delivered out of high risk areas, an increased buffer may be required, at the Suppliers cost, in order to guarantee uninterrupted flow of material to ATI. Examples of unforeseen circumstances, or high risk areas, could include, but are not limited to, issues with Tier 2 or component suppliers, potential carrier issues or all tiered suppliers in the supply chain disputes, strikes, terrorism risk, war risk, transportation risk etc. ATI has the final right to determine whether the Supplier meets its protection of supply criteria and ask for necessary adjustments.

## Material Order & Collection Process Discrepancies

Supplier shall identify and communicate deviations to the material flow plan to the affected ATI location(s). Timing of the communication shall allow for corrective action and continuous improvement. Examples of areas for communication are as follows:

* Returnable container shortage(s)
* Shipping in alternate containers (i.e. expendable containers versus returnable)
* Transportation issue(s)
* Timing concerns for shipment(s)
* Late or missing automatic shipping notifications (ASNs)
* Quantity discrepancies (overages or shortages)

## Supplier Compliance to Shipping Schedules

Supplier shall communicate any event that affects its ability to comply with ATI’s shipping schedule requirements. Examples include; floods, fires, machine breakdowns, insufficient tooling, quality holds, capacity problems, holiday schedules that differ by ATI location and any other extenuating circumstances. Any circumstances shall be communicated immediately to the appropriate ATI Planner and ATI Buyer.

## Contact for Materials Management

Supplier shall provide ATI appropriate contact names and phone numbers to support daily operations during plant shutdown and also emergency coverage. Supplier also shall provide a 24 hour a day / 7 days a week emergency telephone number (English speaking staff, unless agreed to by ATI). This person must be able to receive schedules and to ship and expedite products accordingly.

## Supplier’s Union Contract

Four (4) months prior to the Supplier’s union contract expiration, Supplier shall provide the contract expiration date to the appropriate ATI buyer and the ATI Supply Chain Manager. The ATI Supply Chain Manager shall issue the “Strike Bank Protection Letter” to each Supplier identified. Upon receipt of the letter, the Supplier shall provide their strike bank status as defined by the ATI Supply Chain Manager, until their new agreement is ratified. Suppliers are expected to have a similar process in place with their suppliers.

Supplier shall communicate new union contract information (Duns number, union name, union local, and expiration date) immediately to the specified ATI Locations and service customer contact(s).

## Bulletins on ATI website, www.allisontransmission.com

ATI may communicate with its Suppliers via the ATI website homepage, www.allisontransmission.com. Therefore, ATI requests that each Supplier review the Bulletins on a daily basis.

# INTRODUCTION – PacKAGING REQUIRMENTS

Supply partners must collaborate with Allison Transmission, Inc. (ATI) to promote packaging methods to ensure production parts arrive at Allison facilities in the same quality condition in which they were manufactured. Suppliers are encouraged to work with Allison to continually improve packaging strategies. Changes in plant facilities, sales volumes, part designs and packaging/handling technologies, etc., demand constant attention to guarantee the safest and most economical packaging is consistently utilized.

Packaging is to be designed and used to:

1. contain and protect the production parts
2. help reduce inventory requirements (e.g. via small-lot ordering)
3. promote efficient part access for the operator
4. allow workspace flexibility
5. minimize operator walk time
6. provide efficient and ergonomically acceptable manual and/or mechanical handling
7. provide for effective use of plant space, trailers and railcars, e.g., high density packing
8. provide for responsible final disposition of obsolete packing materials by maximizing recycling and minimizing disposal. It is mandatory for s*uppliers to maintain production containers at their designated facilities until the end of a model year program.*

ALLISON TRANSMISSION, INC. (ATI) Containerization may provide returnable containers for parts shipped from Tier 1 Suppliers to ALLISON TRANSMISSION, INC. (ATI) Assembly Plants. The type of returnable container is specified on the ALLISON TRANSMISSION, INC. (ATI) 1703 Container Assumption form included with the Request For Quote (RFQ). Optional bids may be submitted suggesting a different container.

Suppliers must quote, develop, test/validate and be prepared to ship in backup *expendable* packaging in the event sufficient returnable containers are not available. Failure to comply may result in Quality Notification notice being issued.

Additional requirements within ALLISON TRANSMISSION, INC. (ATI) are specified in the following documents:

* Various bulletins archived at http://www.allisontransmission.com
* ALLISON TRANSMISSION, INC. (ATI) 1703 “Container Plan Form”
* ALLISON TRANSMISSION, INC. (ATI) 1724 “Label Template” document

# GENERAL REQUIREMENTS – PACKAging

The supplier must designate a single-point packaging contact for problem resolution.

## Container Cleanliness

ATI will provide clean containers, however suppliers are STILL responsible for maintaining clean returnable containers. This includes removing residue from returnable containers and expendable dunnage as required, and prior to usage. Returnable containers must be cleaned of all one time shipment labels. Until containers and dunnage are ready for use, suppliers are responsible for storing them in a manner that will allow for ease of inventories, maintain cleanliness, and protection from excessive environmental exposure. If unusually dirty containers arrive at the supplier, the Allison Planner should be notified in order to address the issue. The containers should be labeled as “dirty” and returned to the ATI LLP.

## Use of Other Containers

Suppliers must ship production parts in the container, and with the standard pack quantity, designated on the ALLISON TRANSMISSION, INC. (ATI) 862 Ship Authorization. Any deviation in container type (such as the Use of a backup expendable container by suppliers) must be pre-approved by Allison Transmission, Inc.’s packaging coordinator. *Failure to do so will result in the issuance of a Quality Notification notice.* The backup expendable container must be the same or smaller dimensions as the standard returnable container, and contain the exact amount of pieces as the standard pack. Packaging and transportation routings information is available on www.allisontransmission.com.

## Shipping Requirements

Suppliers must pack, label and ship in compliance with the requirements of common carriers (i.e., Uniform Freight Classification and/or National Motor Freight Classification, etc.), and follow all applicable “Hazardous Materials Transportation Regulations,” including Occupational Safety and Health Administration (OSHA) and UN Hazard Communication Standards. Federal Motor Vehicle Safety Standards (FMVSS) or On-Board Diagnostics (OBD) designated parts may require special packaging and approval.

## Labeling

Suppliers must label containers in accordance with the ALLISON TRANSMISSION, INC. (ATI) Shipping Parts Identification Label Standard AT-1724 available in ALLISON TRANSMISSION, INC. (ATI) website.

## Palletizing

All material must be palletized to permit handling with industrial trucks when sufficient part quantities are to be shipped. Two-thirds of a layer of containers on a pallet is sufficient volume to require palletizing. All four corners of the pallet should be supported with product.

## Loading

Suppliers must properly load and unload containers as directed by the Lead Logistics Provider (LLP) / ALLISON TRANSMISSION, INC. (ATI) Logistics Group**,** to ensure production part quality is not compromised and to comply with any other shipping instructions from the destination plant’s Logistics Group.

## Container Tracking

At all times, asupplier must maintain and be able to provide accurate shipping and receiving records for ALLISON TRANSMISSION, INC. (ATI) - owned containers and equipment on consignment. This includes outbound shipments by container and location, as well as maintaining in plant inventories.

## Import Requirements for Wood Packaging Material (including dunnage)

All wood packaging material (including dunnage) that is imported for Allison Transmission, Inc. into the United States, Canada, and Mexico MUST comply with the ISPM 15 (International Standards for Phytosanitary Measures - Guidelines for Regulating Wood Packaging Material in International Trade). Also, all shipments that are to be shipped to ATI overseas operations should also be shipped on ISPM 15 Certified pallets.

It is the supplier’s responsibility to conform to the requirements.Proof of this treatment will need to be marked accordingly on the outside of the packaging material. Please visit web site: [www.ippc.int](http://www.ippc.int). Suppliers that do not comply with this requirement are liable for any and all costs and fines incurred by Allison Transmission, Inc. These costs could include additional costs to clear the material for import (such as fines, fumigation costs, re-inspection costs, etc.) and costs that may be needed to cover production requirements during any delay to get material cleared through customs (such as expediting costs for additional material to maintain production).

The shipment of wood packaging material into major U.S. trading partners shall follow their countries’ regulations. Shipments from the United States to Canada and from Canada to the United States are exempt from ISPM 15.

# REQUIREMENTS FOR CHOOSING THE RIGHT CONTAINER

ALLISON TRANSMISSION, INC. with the input of the affected plant will determine the use of returnable containers.

* Packaging must maintain part quality during shipping and handling.
* The parts must be oriented to minimize unpacking effort and the packaging must allow unpacking without injury to the operator or damage to the parts.
* The maximum weight of a manually handled container, including parts, must not exceed 35 pounds.
* Containers used must be modular to a 48” x 45”, 30” x 32”, 32” x 36” or 24” x 30” shipping footprint and reflect edge allowance of approximately 1/2 inch. The actual design dimensions of any container will depend on the type and style of the container as well as the product to be packaged. Cartons are not to extend over the edge of the pallet.
* Bulk containers (pallet cartons, etc.) are used when manually handled containers cannot accommodate part size or weight restrictions. Bulk containers must be of 48” x 45” or 32” x 30” footprint. Max weight per container is 1400 pounds for the 32” x 30” footprint and 1500 pounds for the 48” x 45” footprint.
* When part size will not permit the use of ALLISON TRANSMISSION, INC. standard modular or bulk packaging (48” x 45” or 32” x 30”), size the package length to the part length while maintaining the package width at 48” or 32”.
* Establish one standard quantity per container for each part. The smallest shippable container with a consistent piece count quantity per pack or container is the standard pack quantity and must be used in every shipment of this part regardless of receiving location unless specified differently.

# RETURNABLE CONTAINER SHIPPING SYSTEMS

A returnable container is defined as a design that can be used more than once in a defined supplier-customer system. The following responsibilities pertain to returnable containers and are the responsibility of ALLISON TRANSMISSION, INC. and the suppliers.

## ALLISON TRANSMISSION, INC. (ATI) & PLANT CONTAINERIZATION RESPONSIBILITIES

### ALLISON TRANSMISSION, INC. (ATI) coordinates business case studies to assure acceptable return on returnable container investments.

### ALLISON TRANSMISSION, INC. (ATI) will allocate returnable containers to support new programs. The established system size will be determined based upon plant daily requirements and transportation modes. Suppliers will receive an agreed upon bank of returnable containers (empty and full) for shipment to ALLISON TRANSMISSION, INC. plants. The bank size will be dependent upon frequency of shipments, volume, transportation distance, and pieces per container. ***The allocated quantity is not provided to store banks of production parts, work in process, scrap or salvaged parts.***

### ALLISON TRANSMISSION, INC. coordinates returnable package design and testing to assure total system requirements (e.g., quality, cost, manufacturing, transportation, assembly, etc.) are met.

### When returning empty containers, the plant must assure the containers are free of debris and expendable packaging materials. The containers should arrive to the supplier clean and free of debris.

## SUPPLIER RESPONSIBILITIES

Suppliers are responsible for ordering containers from the Lead Logistics Provider in frequencies and quantities that do not exceed the finished material guidelines as stated in 8.2.7. For most suppliers, orders should be placed weekly using the Returnable Container/Dunnage Request Form.

Only containers and dunnage outlined in the Allison Container Bill of Material for the parts to be shipped should be ordered by suppliers. If there is a question about the containerization, the Allison material planner should be contacted.

It is the responsibility of the production part suppliers to know the location of Allison Transmission, Inc. containers at all times.

It’s the responsibility of the production part suppliers to inspect containers before use to ensure the containers are **safe to use** and have no damaged or missing container component. Production part suppliers are responsible of performing minor repairs to containers in order to ensure safety and part quality in shipping and handling. (Handle containers with major damage as directed per Section 14.)

While the returnable containers and dunnage should arrive clean and free from debris, it is still the supplier’s responsibility to ensure the cleanliness of containers and dunnage. If the containers are not clean, the supplier is to contact the designated Allison Transmission, Inc. lead logistics provider (LLP) and arrange to have the dirty containers returned for cleaning.

The packaging material used, as well as the method of packaging and identification, shall be constant from shipment to shipment. For hand manageable containers, a polyethylene bag liner is required inside of each container unless otherwise agreed to by Allison Transmission, Inc. on a part-by-part basis. All other part number specific guidelines will be communicated by Allison Transmission, Inc. to the supplier.

Wherever and whenever possible, a non-contact preservative such as vapor corrosive inhibitor (VCI) products should be used.

Careful packaging consideration should be given to those supplier parts i.e., (separator plates, backing plates, and other flat sided plates and parts) which are coated with a rust inhibitor and tend to pose and in-plant sticking problem as a result of the packaging method.

Identify a designated individual to handle all packaging responsibilities. That individual’s name and telephone number should be documented on the ALLISON TRANSMISSION, INC. (ATI) AT-1703 Container Assumption form.

### Design, plan and maintain sufficient supply of suitable expendable packaging that may be required for premium shipments, production run ahead programs, container outages, service orders, etc. Alternate pricing for expendable packaging costs must be prearranged with Allison Transmission, Inc. (ATI) Purchasing.

### Inhibitor (Preservative): All parts shipped to Allison Transmission, Inc. (ATI) requiring an inhibitor protector for rust shall meet the following schedule based on the delivery dock outlined in the schedule releases. For Dock 80 or India, the minimum required shelf life for components is 90 days. This requirement may be met with a combination of approved applied preservatives and packaging that enhances preservation. For all other dock deliveries, a 30 day shelf life is required.

### In either case, the clock starts when Allison takes ownership of the material. Certain parts may require special treatment or packaging and those issues will be detailed and documented in an AT-1703 resubmission.

### Load production parts in containers and containers into transportation equipment in a manner that maintains part quality using only clean, undamaged packaging. (Handle damaged containers and dividers as directed per Section 14.)

### Returnable packaging should be cleaned of all one-time shipment labels (vs. permanent routing labels) by the supplier if necessary to ensure current part number, quantity and certification of material are correctly labeled.

### Suppliers shall store containers in a manner that allows ease of inventories, maintains cleanliness, and protects containers from excessive environmental damage which would affect the performance of the container**.**

### Allison Transmission, Inc. will provide production part suppliers with a maximum of seven days’ worth of returnable containers for the supplier’s finished goods manufacturing requirement based on the receiving plant(s) daily requirement for the returnable containers, unless otherwise agreed to and noted. The number of containers ordered needs to be based on the total daily container requirements of all receiving plants for that part. Any supplier requirements greater than seven days must be requested in advance (at Purchasing Tech. Review Meeting) and demonstrate a valid business need approved by ALLISON TRANSMISSION, INC. If container usage is very small, the Lead Logistics Provider may question the small quantities and send additional containers to minimize Allison paid freight charges on returned containers.

### The use of returnable equipment designed, owned, and provided by the supplier on a part by part basis must be approved by ALLISON TRANSMISSION, INC. before shipments commence.

### Promptly inspect and document all receipts of new returnable packaging equipment owned by ALLISON TRANSMISSION, INC. and bailed to suppliers as well as all production shipments and receipts during the life of the program. Supplier is responsible for confirming documented bailment quantities match. This pertains to all production shipments and their receipts during the life of the program.

### Allison Transmission, Inc. reserves the right to audit a supplier’s location for compliance to the returnable container program, including but not limited to the approved use of Allison owned containers and appropriate inventory levels.

## HANDLING PLASTIC RETURNABLE CONTAINERS

The following briefly explains the handling of plastic returnable containers. Included in this section is information on the following:

### 34” high plastic bulk containers should be stacked no greater than 3 high in transit. 25” high plastic bulk containers should be stacked no greater than 4 high in transit.

### Knocked down plastic bulk containers should be stacked no more than 6 high in storage.

### Plastic bulk containers should not exceed 1,200 pounds gross weight.

### Refrain from pushing plastic pallets, tray packs, or bulk containers with the tips of the forks. This can damage the containers and/or the parts inside. When transporting containers, the fork truck should travel in the direction opposite the forks. This is to prevent containers from falling off from the forks if the fork truck has to stop quickly. Loads must be stable and secure. When using pallets equipped with “seat belts”, the belts must be fastened before moving the load.

### When transporting containers, the forks should be completely engaged under the container fork openings before lifting, but when containers are being stacked/unstacked against other containers, the driver must make sure the forks do not extend beyond the container. If the forks extend past the containers in this situation, they can damage the rear containers.

### Only stack containers that are compatible and have the same footprint.

### Do not carry bulk containers two deep on the forks.

### Access doors and gates must be closed when a bulk container is being moved.

### Fork center-to-center distance must be adjusted to match the fork opening distance of the container being moved.

### The fork truck operator needs to be careful when engaging a stack of containers, to avoid pushing the top container through the sidewall of the bottom container.

### If a damaged container or pallet is detected and cannot be easily repaired, immediately take it out of the system. Containers with major damage need to be signed as “damaged” and returned container to Allison Transmission, Inc.’s lead logistics provider.

### Utilize the width of the trailer when shipping to keep loads stable, to minimize transportation, and to reduce the chance of containers tipping over.

### When plastic and steel containers are loaded together, they should be loaded according to the loading matrix provided by the transportation provider.

### Tray packs should be stacked according to the specifications designated by the container bulletin.

## CONTAINER INSPECTION SHEET FOR PLASTIC BULK CONTAINERS AND PLASTIC RETURNABLE PALLETS

### Plastic Bulk Containers

The following items are to be checked when inspecting plastic bulk containers:

1. Cracks in the corner joints
2. Missing or broken access gate hinges
3. Missing or broken clips
4. Extensive damage to the base
5. Broken off pieces of corner joints
6. Pierces or cuts due to fork mishandling
7. Bowing sidewalls

If any of these types of damage are discovered on a plastic bulk container and the integrity of the container is in question, the container should immediately be taken out of the system for repair.

### Plastic Returnable Pallets

The following items are to be checked when inspecting plastic returnable pallets:

1. Extensive damage to the feet of the pallet (crushing and/or piercing)
2. Cargo belts have been cut
3. Cargo belt retractor mechanism is missing or malfunctioning
4. Cargo belt buckle/receiver is missing or malfunctioning
5. Cargo belt end clasp is not accessible due to retraction into the pallet leg

If any of these types of damages are discovered on a plastic returnable pallet, the pallet should immediately be taken out of the system for repair or replacement.

# EXPENDABLE CONTAINER SHIPPING SYSTEMS

An expendable shipping system is comprised of contained components having a life expectancy of only one trip from supplier to customer. The Supplier shall maintain responsibility for the design and implementation of any expendable packaging. This includes both expendable containers and returnable containers with expendable dunnage. For returnable systems, the supplier is responsible for designing back up expendable packaging to be utilized to ship production parts in the event returnable containers are not available. Back up expendable packaging must be designed with dimensions less than or equal to the returnable container dimensions, and have the same standard pack quantity and part orientation as the returnable container.

Expendable containers must be validated by the production part supplier prior to first shipments to the customer plant, with documentation that proves validation tests have passed. The baseline testing of corrosion in shipping shall be 100% Relative Humidity at 100˚F for ½ of the shipping (including staging) time or 168 hours, whichever is longer. This requirement is for reference only. The engineering requirements supersede this baseline. It is the part supplier’s responsibility to provide adequate shipping protection for quality parts. Some shipping and receiving Locations may require extensive use of specific sizes, or designs.

## EXPENDABLE PALLET SIZE AND CONSTRUCTION

The recommended pallet size and construction is as follows:

### Standard truck mode footprints are:

Length Width Tolerance

 32” x 44” + 0, -1” Preferred size

48” x 45” + 0, -1”

30” x 32” + 0, -1”

### Pallet dimensions are stated as follows:

**Pallet length X Pallet width X Pallet height**

Pallet length: the length of the stringer.

Pallet width: the length of the deck boards.

Pallet height: the vertical distance from the floor to the top of the deck-"from the floor to the top of the deck" ***is 5 inches on all pallets.***

Thus, a 45” x 48” x 5” pallet has 45” stringers, 48” deck boards and the top of the deck is 5” above the floor.

**NOTE:** For a four-way entry pallet, the primary (easy entry) opening is across the 48” width.

(By contrast, box and corrugated container manufacturers’ standard practice is to always state the larger dimensions first.)

#### Corrugated Pallets - For pallet load weights *under* (500) pounds, corrugated fiberboard pallets are recommended.

1. Structural members of the pallet should be compatible with the carton by supporting the edge and corners.
2. A solid corrugated deck is desired.

If paper fiber cores are used for load-bearing members, use no more than four with a maximum thickness of ¼”.

Recyclability of pallet (100% corrugated preferred) is required. Identification of manufacturer and/or pallet size *must* be printed on the pallet runner.

#### Wood Pallets **-** The use of wood pallets should be restricted to pack/load weights exceeding five hundred (500) pounds.

1. Non-reversible, four-way entry stringer construction wood pallets, with 3.5 inch minimum primary opening height are required, except where the gross (loaded) pallet weight is less than 500 pounds. Two-way entry may be used on 30” x 32” wood pallets and corrugated pallets whose stringers are 48” or less.
2. The responsibility for quality and performance rests with the supplier.

## EXPENDABLE CARTON SIZE AND CONSTRUCTION

When determining carton size and construction, use standard size manually handled containers. Cartons/containers are to be designed to be modular to the standard size shipping pallet. Cartons must not overhang the pallet. The use of Half Slotted Container (HSC’s) with common covers is strongly recommended. One common cover over each full layer of HSC’s on a pallet is the preferred method; although in some cases, (low volume requirements) e.g., covers may be required for each individual carton, or the use of Regular Slotted Containers (RSC’s) should be considered. HSC’s use less corrugated fiberboard, and reduce packing and unpacking labor as well as reducing personal injury and part damage from the use of box knives, etc. The use of uncovered (uncapped) HSC, un-flanged tubes with unsecured bottom caps, and design style (custom made) containers are not acceptable. Federal Motor Vehicle Safety Standards (FMVSS) and On Board Diagnostics (OBD) designated parts (i.e. wiring harnesses) may require specific packaging to preclude the use of sharp instruments and provide for easy opening. Corrugated material used in shipping containers must have adequate strength to withstand the test of usage, and must be constructed from a minimum 275 pound Mullen test board (or equivalent crush test board) except for special instances authorized by Allison Transmission, Inc. The parts and container must arrive in satisfactory condition at the usage point.

### All containers must be recyclable.

### All containers must be constructed with an outside tab style manufacturer’s joint. A stitched manufacturer’s joint is recommended, and will be required if a glued or other type joint proves inadequate.

### All pallet cartons over 33” in height must have a scored drop side. Although normally on the longer side of the container, the location and size of the drop side is determined by part orientation and operator ergonomics. The bottom of the drop side opening must be no more than 33” from the floor.

### All containers and multi-wall tubes must have a box maker’s certificate visible on the assembled container, and displaying edge crush, bursting or puncture test.

### Wire-bound wood pallet boxes or wood and wood composite crates are not acceptable.

### Bags, barrels, drums, kegs, cans, or pails are not acceptable shipping containers for other than granular, liquid materials, or specially negotiated parts.

### Expendable containers should be shipped on a standard SA-136 (ref. container specifications section) wood pallet.

**Alternatives are to:**

1. Eliminate the use of wooden supports where possible. The carton strength may be currently acceptable. Or increase the corrugated test strength of the container to a double or triple wall thickness.
2. Replace the wood with formed paper corner structures, or corrugated supports. These paper corners may be stapled in place, since they can be recycled with the sleeve. The use of “angle board” with a white clay coating and non-water soluble adhesive is not allowed. The cross-sectional area allows virtually no surface to support a load.
3. As a last resort, wood may be used as a corner support, but must NOT be stapled to the corrugated -sidewalls of the container. Other methods of holding the wood in place must be used, allowing ease of wood removal. Corner “kick-ins” or corrugated pockets will suffice. Metal staples are acceptable for carton closure or to staple paper-based supports to the carton.

### The maximum allowable height of a loaded pallet shall not exceed 35 inches.

## INTERNAL DUNNAGE

Dunnage should be discouraged whenever possible and used only when part-to-part contact must be eliminated to prevent damage in shipping and handling. Suppliers are responsible for the design, performance, and procurement of all expendable dunnage. Expendable internal dunnage is main stream, and must be included in the supplier’s quotation.

The internal dunnage should be designed for minimal set up, maximizing density, loading and unloading labor, and allow for ease of recycling and/or disposal. The use of partition or cell type dividers is generally preferred over individually wrapping parts, to minimize labor. The use of dunnage constructed of combined and/or non-recyclable materials (i.e., foam glued to corrugated) is difficult to separate and recycle, and is therefore prohibited.

### Internal Dunnage Materials **-** The use of foam or foam sheeting as an expendable material is discouraged. Currently, we have no economical solutions for recycling foam, which causes the material to be land filled or returned to the suppliers at their expense.

Foam glued to corrugated and any other dissimilar materials bonded together, and expanded polystyrene (EPS, or “styro-foam”) cannot be used as expendable dunnage. Wax coatings are not permitted, and foam sheeting is undesirable in most circumstances.

**Alternatives are:**

1. Recycled materials such as die-cut corrugated or molded Kraft paper pulp.
2. Mechanical attachment of foam to corrugated or other dissimilar materials.

## CLOSURE

The general guidelines of the method in which containers must be sealed after being filled are stated as follows.

### Containers must be adequately sealed to ensure they do not open during shipping or handling. Closure is generally done by taping or gluing.

### Packaging materials containing asphalt, such as asphalt sealing tapes, must not be used. Environmentally, paper type (recyclable) is preferred over plastic film tapes where sealing performance is not compromised.

### FMVSS and OBD designated parts may require special closure methods that allow opening without the use of sharp instruments.

## SECUREMENT - CONTAINER TO PALLET

All expendable containers shipped on pallets must be adequately secured to the pallets. Multiple containers must be properly stacked on and secured to pallets. Plastic strapping and plastic stretch wrap have been the acceptable method of securing cartons to a pallet. The assembly plants are working to recycle all packaging materials, including strapping and stretch wrap.

The following methods are to be used for securing cartons to a pallet:

1. **Plastic (Non-metallic) Strapping** - A minimum of two bands lengthwise and two bands widthwise must be used. Polyester strapping is recommended due to its strength and recovery properties. Use of any other strapping requires approval by ALLISON TRANSMISSION, INC. (ATI). Strapping color must be standardized using the AIAG Standard. Polyester strapping must be translucent green and polypropylene strapping must be translucent clear. Non-metallic strapping must be joined with a “friction seal”. Metal clips or buckles are prohibited.

2. **Stretch film** - Stretch film must be linear low-density polyethylene (LLDPE) and clear in color to maximize recycling potential. Polyvinyl chloride (PVC) film is not to be used.

## PERFORMANCE CHARACTERISTICS

### Maximum weight of any load over 2,000 pounds requires approval by ALLISON TRANSMISSION, INC. (ATI).

### Container packs must have sufficient strength to stack four packs high, or to a height of 10.5’ feet --whichever is greater in house. Also, container packs must have sufficient strength to stack to a height of 100 in. in a trailer under dynamic weight loading (which generally is at least three times the static load).

### Airfreight shipments, LTL (less than truck load), and other special shipments are subject to abnormal handling and require more substantial packaging.

# SPECIFIC PARTS PACKAGING REQUIREMENTS

## Rubber, plastic, seals, and O-rings

Parts must be protected against part deformation or set. Some materials may require barrier protection for humidity control and to safeguard against a contaminating environment.

## Precise and Delicate Parts

Parts of this nature require cushioning and vibration absorbing materials. Openings may require sealing and compatible preservatives applied to critical surfaces.

## Springs, bushings, rings, etc

Those parts inherently subject to tangling require separation to ease their removal. Preservatives may be required.

## Gaskets

Parts must have facial orientation and should be bundled to facilitate handling and maintain shape. Compression set and deformation must also be protected against. Some materials may require a barrier for humidity control and effects of adverse environment.

## Castings, Forgings, and Stampings

The maximum outside dimensions of a completely loaded container must not exceed 48X45X34. The maximum allowable weight per pallet is 3000 lbs.

## Pipes and Tubes

These parts must be shipped clean, dry, and free of any contaminants generated in shipment, and ready for intended use.

# IDENTIFICATION LABELS

## BASIC GUIDELINES

The following are general guidelines to be followed when placing labels on all containers. For complete label specifications, refer to Allison Transmission, Inc. Global Transport Label Standard (AT1724 A and B) located in [www.allisontransmission.com](http://www.allisontransmission.com).

All containers must have two labels per container on opposite sides, with the exception of Standard Parts containers (9x9).

### Handwritten or stenciled label information is prohibited, except for packer/inspector initials where applicable.

### When containers of different part numbers are shipped on a single pallet, the special “Mixed Load” label must be used.

### Quality of bar codes on the label must be regularly verified as being easily and accurately scannable.

# GLOBAL Label section

Refer to the following documents which are located on www.allisontransmission.com:

[AT-1724 Shipping & Parts Identification Standard (A, & B)](https://www.gmsupplypower.com/apps/supplypower/NASApp/spcds/CDSRetrieval?id=35843&togglefolder=531&doc_lang=en&lob=material)

## PART CONTAINER LABEL

Supplier shall label each part container with current ATI Location specific information transmitted in the shipping schedule. If Supplier receives a change in the ATI Location specific information (e.g., Material Handling Location) Supplier shall update all labels within three (3) working days.

## SEQUENCED MATERIAL

If and when sequencing is required to be completed either by the Tier 1 Supplier, Supplier responsible Third Party, or ATI responsible Third Party, the following applies:

Supplier shall ship sequenced part(s) and/or module(s) with the part number and/or sequence number displayed as required by the ATI Location.

Supplier shall ship sequenced serialized part(s) and/or module(s) with the part number and/or sequence serialized number displayed as required by the ATI Location. The cost of the label and application of the label to the part is the Tier 1 Supplier responsibility.

# pACKAGING Requirements FOR INTERCONTINENTAL SUPPLIERS

## Intercontinental Packaging Overview

All intercontinental shipment of production parts / components must utilize expendable packaging. Unless otherwise directed by Allison Transmission, Inc. (ATI). ATI does not provide returnable containers for the intercontinental movement/storage of parts. For parts destined for ATI’s Hungary facility, returnables are and can be used if directed by ATI.

The supplier has the overall responsibility to ensure the component quality and packaging from the manufacturing shipping location to the ATI receiving location. Suppliers must collaborate with ATI to promote packaging methods to ensure production parts arrive at the assembly center in the same quality condition in which they were manufactured. Additionally, suppliers are encouraged to work with the assembly centers, logistic carriers, and other ATI represented organizations to continually improve packaging strategies and reduce overall total cost.

ATI has the final authority to provide the packaging requirements for production material and make changes to these requirements as needed. Changes in plant facilities, sales volumes, part designs and packaging/handling technologies, etc., demand constant attention to guarantee the safest and most economical packaging is consistently utilized.

**Packaging Requirements for Intercontinental Shipments**

For suppliers shipping from Intercontinental Facilities to an ATI Receiving Location, the following responsibilities apply:

**Supplier** **Responsibilities**

* Suppliers will provide and use expendable packaging for intercontinental shipments of production parts / components.
* Supplier shall maintain responsibility for the design, procurement and implementation of any expendable packaging required for shipping parts to ATI Receiving Locations. This includes expendable dunnage to protect the part if required.
* Suppliers are required to utilize the specifications and requirements for all intercontinental shipment of production parts and components, failure to comply may result in Problem Reporting Resolution (PR/R) notices being issued.
* Supplier is responsible for providing expendable containers from their intercontinental manufacturing location to the ATI Receiving Location.
* Suppliers are to utilize the approved expendable container sizes
* When material arrives at the ATI Receiving Location, all container and packaging policies will apply.
* Suppliers are required to work with the ATI Transportation / ATI Packaging Manager / or other ATI designate to optimize carton size, density, and dunnage (if required) to minimize logistics costs, repacking activities, and plant productivity into returnable containers at the destination ATI Receiving Location.
* Suppliers are required to submit an initial packaging plan proposal to ATI for approval.
* Suppliers are required to submit an initial packaging plan proposal for each part / destination to ATI Global Supply Chain for approval.
* When expendable packaging material is needed to protect the production part, Supplier will identify the expendable material protection in compliance with Sections 9.
* Once packaging approval is attained with ATI, suppliers are required to adhere to the agreed upon packaging plan.

**ATI-Designated Warehouse Responsibilities (if applicable):**

* Assist the appropriate parties in developing the repack container plan (if required), coordinate test packs, completing repack instructions, and to gain ATI location acceptance of packaging plan.
* Receive direction from Supplier on how to repack and ensure it is followed within the facility.
* Ensure back up expendable containers are utilized in the event ATI returnable containers are not available.

**Supplier-Designated Warehouse Responsibilities:**

* If ATI determines that the Supplier’s designated warehouse will be utilized as the domestic/regional shipping point (Duns), Supplier will be responsible for the packaging material, intercontinental logistics, and repacking of parts into ATI provided small lot returnable containers.
* Supplier shall be responsible for all re-packaging cost.
* Supplier will be responsible for all packaging instructions and approvals with the ATI Plant based on Sections 5-10.
* Ensure back up expendable containers are utilized in the event ATI returnable containers are not available.

In the event of returnable containers not being returned to the warehouse in time, the warehouse personnel will follow ATI’s process for container shortages.

For returnable containers, the following applies:

**For ATI Owned/Leased Containers, ATI Responsibility is:**

* ATI will coordinate and communicate with Supplier’s representative, the recommended returnable container to be used and its associated part density.
* ATI will provide sample containers for Supplier.
* ATI to determine quantity of containers.
* ATI to provide containers for shipping parts into ATI Receiving Location.
* Suppliers are to follow the guidelines and policies outlined in this document.

**For Supplier Owned/Leased Containers, Supplier Responsibility Is:**

* Supplier will coordinate and communicate with ATI representative, the recommended returnable container to be used and its associated part density.
* Supplier will get buy-off and approval from ATI prior to implementation.
* Supplier will provide sample containers to ATI.
* Supplier to determine quantity of containers.
* Suppliers are to follow the AT1700 guidelines and policies.

**Packaging Requirements for Domestic Shipments**

**Domestic Shipments:** ATI shall provide the returnable containers for parts shipped from Tier 1 Location to ATI Location unless otherwise negotiated. (Example - Supplier designed racks) ATI may determine on exception basis, expendable container usage.

In the event of returnable containers not being returned to the Supplier's facility, the Supplier personnel will alert ATI Containerization Manager as early as possible for direction. Backup expendable containers shall be available and used if directed by ATI.

ATI reserves the right to have multiple container types for the same part number. This may be due to different plant volumes, different modes of transportation or different plant requirements

### In-Plant Early Builds

Supplier is responsible to ship in the designated production container, to support the early in–plant build events such as Manufacturing Validation Build Non-Salable, Production Trial Run (PTR), Production Part Approval Process (PPAP), etc.

### Repacking

Unless otherwise specified, any repackaging necessary to deliver material in containers to comply with ATI specifications shall be Supplier’s responsibility. Supplier is prohibited from using ATI supplied containers to store/build part inventory in excess of what is directed by ATI.

### Container Development and Validation

#### Returnable - ATI Designed

Supplier shall provide parts to ATI at no cost, to support development and validation of returnable containers including when there is a transportation mode change. This includes parts developed for Manufacturing Validation Build events, as well as sufficient early PPAP-approved parts to fill two containers/racks/pallets for the shipping validation test. Supplier shall include part submission warrant with the shipment of parts that will be used for container validation. Upon completion of the validation, Supplier must recertify parts and provide associated documentation to ATI.

#### Returnable - Supplier Designed

In some instances the Supplier shall be responsible for container development, validation, procurement, and maintenance.

Supplier container designs shall ensure part quality; support ATI Location’s Safety, Ergonomics, Material Handling, and Assembly Processing Equipment requirements; pass validation tests; and receive written ATI approval prior to container fabrication.

#### Expendable - Supplier Designed

Supplier shall maintain responsibility for the design and implementation of any expendable packaging as mentioned in this document: This includes both completely expendable containers and returnable containers with expendable dunnage. Back-up expendable container dimensions must be less than or equal to the returnable dimensions and have the same standard pack quantity. Supplier shall perform the appropriate validation tests and retain records documenting the validation test method. Passing results for all expendable designs must be obtained prior to shipments to the specified ATI location(s).

# REPAIR AND CLEANLINESS SPECIFICATIONS FOR ALLISON TRANSMISSION, INC. CONTAINERS

Production part suppliers are responsible for identifying ALLISON TRANSMISSION, INC. (ATI) owned containers at their facility in need of major or minor repair, or needing major cleaning.

## DAMAGED CONTAINERS

### When an assembly plant returns damaged containers, the containers are to be photographed, while still on the trailer or in the rail car, and forwarded to ALLISON TRANSMISSION, INC. (ATI) with the following information:

1. Damaged container number
2. Quantity of damaged containers
3. Trailer number and date
4. Description of damage
5. Number of component parts required to repair the damage

### If a railcar or truck trailer is involved in a derailment, theft or truck accident, supplier is to contact the responsible carrier for inspection. Notify ALLISON TRANSMISSION, INC. for instructions for filing a claim**.**

### Damaged or containers are to be segregated, and tagged with an easily identifiable adhesive backed repair or dirty tag

## CONTAINER REPAIR

### Any containers with major damage should be tagged, and the supplier should contact the Lead Logistics Provider for shipment back to Allison Transmission, Inc. (ATI).

##  DIRTY CONTAINERS

### Allison Transmission, Inc. will provide containers and dunnage that should be clean and free of debris.If there are containers that arrive at the supplier facility not in this condition, the supplier is to contact the Lead Logistics Provider for shipment back to Allison Transmission, Inc. (ATI).

### Any contamination that occurs at the suppliers location due to the containers being stored at the supplier location, is the responsibility of the supplier to

### While Allison Transmission, Inc. will provide clean containers and dunnage, it is still the supplier’s responsibility to ensure the container is clean and free from debris prior to placing parts into the container. Failure to comply may result in the supplier being issued a *Quality Notification.*

# SHIPPING REQUIREMENTS AND TRANSPORTATION

Supplier shipment(s) shall be made per ATI shipping requirements. The quantities indicated shall be shipped on the day(s) and time(s) specified by the ATI Location. Schedule requirements may include shipping 2 shifts, 3 shifts, 3 crews/2 shifts, Saturday, Sunday, local/international holiday and/or any Supplier downtime. Supplier shall have sufficient truck docks and ramps to receive and ship scheduled material and containers in specialized equipment. (i.e. – drop deck trailers, automated trailers etc.). Where material transportation is agreed to be provided by ATI, the Supplier will ensure the loading of the material and operational safety of the loading (secure loading) on to the vehicle provided by the ATI contracted carrier

Where ATI controls logistics the Tier 1 Supplier shall validate its ability to package and ship material in designated containers at anticipated ship schedule. Transportation mode, specific dock location and scheduled ship or arrival time shall be transmitted to Supplier.

## Document Requirements

Supplier shall furnish all required documents (e.g., Bills of Lading, Packing Lists, Invoices, Certificates of Origin, etc.) in English unless regionally agreed to by ATI. Documents shall include, but not be limited to, the following based upon customer requirements:

* Specific part number(s)
* Specific quantity of each part(s)
* Number of container(s) for each part number(s)
* ATI Purchase Order Number
* ATI Schedule line

## Shipment Identification Number (SID)

Every shipment, including ship direct, shall have a unique SID number that shall be referenced on all shipping documents (i.e., single or master bill of lading, invoice and packing slip).

The SID number shall be the single bill of lading in all cases where the bill of lading number exists. If there is no single bill of lading number, the preferred alternative is the packing list number. The master bill of lading, used in multiple destinations dock shipments, shall never be used as the SID number.

## Delivery Performance

ATI ordering and receiving locations retain the right to issue Quality Notifications for Shipping and Packaging nonconformances according to ATI GP-5 Procedures (Supplier Quality Processes & Measurements) and the SAP Quality Module. The Quality Notification type “Shipping and Packaging“ are used for the Global Supply Chain (GSC) metrics.

Suppliers exhibiting poor performance may be required to submit corrective action plans. Continued levels of poor performance will place suppliers at risk for consideration of future ATI business awards.

## Customs

Supplier shall comply with all applicable legislation and regulations in respect of the importation of goods into the country of use. Supplier shall indemnify and hold ATI harmless from and against any liability, claims, demands or expenses arising from or relating to Supplier’s noncompliance with this section.

Without a complete set of documents, shipments may be delayed and all resulting consequences and financial losses will be charged to the supplier. All customs' formalities, which are necessary for the exportation of the goods, are to be fulfilled by the supplier on his own risk and account.

## Incoterms

For further information regarding Incoterms 2000 please refer to website:

<http://www.iccwbo.org/incoterms/id3038/index.html>

### North American Shipments

**Supplier Plant(s) located in U.S. and Canada (intra-U.S., intra-Canada, and inter-U.S. & Canada):**

Unless otherwise specified, ATI shall contract, manage and pay transportation from Supplier’s Manufacturing Facility to ATI Location. Intra-U.S., Intra-Canada and Inter-U.S. & Canada delivery terms default is **Freight on Board (FOB)** **- Supplier’s Manufacturing Facility**.

(Please see [www.allisontransmission.com](http://www.allisontransmission.com), Suppliers, Purchasing Packaging and Logistics Forms, Transportation, Packaging requirements, Form AT-101106 for the complete Transportation and Customs routing information.)

**Deliver Duty Paid (DDP) - U.S. Location** should be used for all shipments from Canada to the U.S. for the following material unless modified by ATI:

Hazardous Materials including but not limited to Chemicals, Paints, Solvents, Fuels, and Oil

**Supplier Plant(s) Located in Mexico:**

ATI will analyze the appropriate supply chain on a case-by-case basis.

**FOB - Supplier Warehouse located in U.S**

The location within the United States or Canada shall be a warehouse, which will be the responsibility of Supplier including but not limited to: unloading, loading, storing, material handling, repacking and labeling, etc. Any freight, duty, brokerage, and/or other fees necessary for delivery to the supplier warehouse from Mexico are the responsibility of Supplier. Refer to the [Repack](#_Repacking) section within this document for additional supplier requirements.

In most cases, a determination will be made that **DDP - U.S. location** should be used for all shipments from Mexico to the U.S. for the following goods:

* Hazardous Materials including but not limited to Chemicals, Paints, Solvents, Fuels and Oil

## Shipments Originating from Remote or Intercontinental Countries

Please see [www.allisontransmission.com](http://www.allisontransmission.com). For shipments from Intercontinental Countries Suppliers must quote Free Carrier (FCA) named place = Supplier’s manufacturing facility.

### Exceptions: Supplier must contact Buyer to obtain an approved deviation for all exceptions:

1. **DDP – to U.S. Location - Should be used for all shipments to the U.S. for the following material unless modified by ATI:**
* Hazardous Materials including but not limited to Chemicals, Paints, Solvents, Fuels and Oil
1. **ATI Controlled Logistics to a Supplier Controlled North American Warehouse:**

**FCA, Supplier Manufacturing Duns Location** ATI controlled logistics to a Supplier controlled North American Warehouse. The location within North America shall be a warehouse, which will be the responsibility of Supplier. Refer to [Repack](#_Repacking) section 14.3.2 in this document for additional Supplier requirements

1. **Supplier Controlled Logistics to a Supplier Controlled Warehouse:** For shipments destined to ATI plants from the Supplier’s US Warehouse, the following delivery terms are required

**FOB** - Supplier U.S. Warehouse

### Quality Requirements for Warehousing production parts:

**Tier 1 Supplier Responsibility:**

* Ensure part quality (all PPAP requirements set by ATI Supplier Qualitymust be met).
* Ensure parts are properly packaged and labeled as they arrive to the warehouse (AIAG-ATI-Scanning Requirements must be met as well as requirements outlined in the required ATI Standard Documents described in section 1 within this document).
* Ensure no mixed stock arrives at the warehouse.
* Provide repack instructions to the ATI Logistics.
* Ship material to schedule.
* Provide packaging that prevents any damage to parts prior to arriving at the warehouse.
* Initiate quality inspections and sorting activities as deemed necessary by the warehouse. For on-site sorting and inspections, the ATI controlled warehouse will provide space and support if an approved company is used. If the Supplier decides not to use one of these companies, then material must be taken off-site at the supplier’s expense.
* Create and maintain obsolete material removal process.
* Provide compliant documentation with shipments.
* Respond and cooperate with the warehouse, during issue resolutions and permanent corrective actions to PPRs written by ATI Plants, or any Quality concerns as parts arrive to the warehouse.
* Communicate with all parties and ATI Plants in order to facilitate issue resolution.
* Coordinate visits to the warehouse at least 72 hours in advance through the materials manager.

**ATI controlled warehouse Responsibility (if applicable):**

* Provide dedicated Quality Manager to assure quality systems implementation.
* Maintain quality of the part (preventing obvious damage, excessive, dirt and rust).
* Responsible for damage/loss and safety/security of parts within four walls.
* Ship undamaged parts or packages to ATI destinations.
* Account for all material received with accurate inventory.
* Repack parts per previously approved guidelines.
* Maintain process and training of personnel within warehouse.
* Follow OSD Process (Overstock/damaged area. (Internal process that contains, identifies, segregates and provides final disposition for suspect material)
* Communicate to suppliers damaged part information. Ensure supplier inspects and provides disposition of parts.
* Ensure FIFO is followed.
* Provide accurate and timely ASN/Kanban Reports.
* Assign ownership for QUALITY NOTIFICATIONS.
* Facilitate communications and problem resolution between all parties; and Monitor and track performance of service provides (i.e. warehouse).

## Buffer Inventory Requirements:

To protect ATI from supply chain interruption(s), Supplier shall maintain a minimum buffer inventory in the country of use at the pre-determined regional warehouse (shipping point) for ATI. Supplier is responsible for replenishing buffer inventory according to the direction given by ATI. Supplier must maintain a 30 day buffer.

Tier 1 Supplier(s) with an intercontinental (overseas) manufacturing location will maintain buffer inventory commencing 30 days prior to required ship date at pre-determined regional warehouse (shipping point) for the final ATI Location(s). This inventory level will be maintained at 30 days of volume unless otherwise negotiated through ATI Global Supply Chain.

## Premium Freight

(Please see [www.allisontransmission.com](http://www.allisontransmission.com), Suppliers, Purchasing, Packaging and Logistics Forms, Transportation, Packaging requirements, Form AT-101106 for the complete Transportation and Customs routing information).

The responsible party for the premium shipment should initiate the shipment request to NLM (National Logistics Management, ATI’s premium freight manager) or other party as may be notified to Supplier by ATI. All shipments will move collect to ATI destinations. ATI will pay for all shipments and issue a debit for supplier responsible shipments based on the assigned premium code. Supplier will have the opportunity to dispute any potential debits via the NLM system before the debit is processed. (Suppliers are prohibited from shipping premium shipments on a prepaid basis with their own carrier)

## Tier 2 Shipments

Unless otherwise specified by the ATI Buyer, Tier 1 Supplier shall contract, manage and pay transportation from the Tier 2 Supplier(s) to the Tier 1 Supplier Location. Tier 1 Supplier shall ensure Tier 2 Supplier(s) has the capability and necessary equipment, training and resources to effectively communicate with the Tier 1 Supplier.This is considered a basic requirement to ensure adequate supply to ATI Locations and is the responsibility of the Tier 1 Supplier.

## Highway Equipment Safety Requirements

If a supplier is authorized by ATI personnel to use their own carrier, all Supplier-owned and or contracted highway equipment must meet Allison Transmission, Inc., Inc. Mandatory Equipment Safety Inspection & Certification Process. Transportation providers are to instruct their management and employees to inspect and validate all equipment used for purpose of transport and/or storage of ATI’s freight following the guidelines of the instructional safety video produced by the Automotive Industry Action Group (AIAG).

Additionally, the following shall apply to all highway equipment, including Supplier-owned and/or contracted, used to deliver part(s) to the ATI Location:

1. Trailer(s) shall comply with all applicable government regulations.
2. Trailer(s) shall display annual certificate of inspection that is less than 12 months old.
3. Dry van trailer(s) shall display the Manufacture Date and be less than 10 years old.
4. Trailer(s) shall not be of Fiberglass Reinforced Plywood (FRP) construction.

Training materials can be made available by contacting the AIAG.

AUTOMOTIVE INDUSTRY ACTION GROUP

26200 Lasher Road, Suite 200

Southfield, Michigan 48034

Phone (248) 358-3570

Website: www.aiag.org

(VIDEO 1 Trailer Safety Inspection, VIDEO 2 Trailer Loading & Unloading, MANUAL AIAG M-6)

The understanding and use of the identified materials is critical in the decision-making process to determine safe use of such equipment in ATI’s service and must be followed. **If a piece of equipment does not meet all ATI trailer safety requirements do not place it in service for ATI shipments.**

Further clarification may be obtained through ATI Global Logistics: Trailer Safety Coordinator

# ELECTRONIC DATA COMMUNICATIONS (EDI)

**Unless specified otherwise, Suppliers must comply with ATI’s Electronic Data Interchange (EDI) requirements for sending and receiving electronic information.** EDI is a strongly encouraged for doing business with ATI. If EDI is utilized, the supplier’s EDI must be tested and certified prior to the first Material Required Date. ATI and its Suppliers will exchange a variety of scheduling and shipping messages in the UN/EDIFACT format (version D97A), which is a global EDI standard.

## Advanced Shipment Notification (ASN)

The Supplier is strongly encouraged to send an advanced shipment notification at the time of shipment, if the ASN has been approved by ATI. When EDI ASNs are not utilized, the suppliers are requested to fax their Bill of Lading and Packing slips to ATI’s Lead Logistics provider.

## Record Discrepancies and Changeover

Suppliers shall resolve record discrepancies in accordance to the timing provided by ATI.

This is important as schedules are calculated using the year-to-date shipped quantity per ATI location records. Record changeover is a calendar-year event. (Note: Schedules received via the SAP system are not cumulative based and records are not changed over yearly)

# INVENTORY CONTROL

## Engineering Changes

Supplier shall coordinate engineering change breakpoint with ATI Locations for both production and service. This includes:

* Supplier will build sufficient banks as necessary to meet agreed upon implementation timing as negotiated between the Supplier and ATI.
* When contacted by the ATI personnel, Supplier must provide within two (2) business days the requested information concerning implementation (including PPAP submittal date, shippable production lead time, estimated exhaust quantities, estimated implementation date, and origin shipping point.
* If revisions arise after initial contact, (e.g., changes to the availability of saleable material), Supplier must contact the engineering change coordinator immediately, to discuss the revised implementation date.

Suppliershall manage the Engineering Change process at Tier 2 Supplier (including any ATI-directed Supplier(s)).

## Material Handling/Management Process

The facility shall have a process for ensuring that all components and finished goods use first in, first out (FIFO) inventory management.

# CHANGE LOG

|  |  |  |
| --- | --- | --- |
| **Version Number** | **Date Updated** | **Summary of Changes Made** |
| 1.0 | **December 7th, 2009** | **Initial Release** |
| 2.0 | **December 15, 2009** | **Revised formatting and modified entire doc.** |
| 2.1 | **October 18, 2010** | **Updates to Inhibitor and other minor changes** |
| 2.2 | **October 26, 2010** | **Update to supplier responsibilities (ordering containers) and vendor container buffer** |
| 2.3 | **March 3, 2023** | **Formatting and removal of metadata** |
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