



Section D3 (English): Expectations of Mexico-based Suppliers for Leon's Virtual Operations
Revised: June 1, 2016

Oshkosh Corporation acts under the IMMEX regime in its operation located in Leon Mexico. With this regime, Oshkosh expects all of its Mexico-based suppliers which receive a purchase order from an Oshkosh entity organized outside of Mexico to act as a "virtual supplier" to this facility. By acting as a virtual supplier, the need to charge Value Added Tax (VAT or what is called IVA in Mexico) on the sale and transfer of purchased components is negated.

Adherence to the below processes are paramount to the compliant operation of our Leon facility.

New Suppliers must complete the following before the first shipment is made to Leon

30 CALENDAR DAYS PRIOR TO THE FIRST SHIPMENT

A new supplier to the Leon facility shall contact the Customs team (leonimports@oshkoshcorp.com) within Oshkosh Equipment Manufacturing S de RL de CV (OEM) at least 30 calendar days prior to its first shipment to Oshkosh Corporation's Leon facility. This initial conversation will serve as the supplier's notification to start its operation under the virtual operation scheme.

15 CALENDAR DAYS PRIOR TO THE FIRST SHIPMENT

Within 15 calendar days of the above notification the supplier must provide the following information and/or copies of the following legal documents to the OEM Customs team.

- a. Tax Identification/RFC
- b. IFE copy of the Legal Representative
- c. IMMEX approval, if applicable
- d. Contact list for supplier's Customs team

15 CALENDAR DAYS PRIOR TO THE FIRST SHIPMENT

The supplier must again contact the OEM Customs team 15 calendar days prior to the expected receipt of the first shipment to OEM to ensure all items are in place and approved.

If the supplier does not have an established relationship with a customs broker, it must establish a business relationship in order to supply parts to OEM under the virtual operation regime.

MONTHLY OBLIGATIONS

1. The supplier's Customs team must ask its customs broker to open the consolidated virtual pedimento and also advise this pedimento number for inclusion on the commercial documents that accompany each shipment for that month.
2. Every Friday morning by 8AM Central time zone, the supplier must send a report of what they shipped during that week. Also the last business day of the month the supplier must send a report to the OEM Customs team detailing the material shipped during that month, again at 8AM Central time zone. All the reports must include the following data elements:
 - a. Pedimento Number
 - b. Invoice Number
 - c. Invoice Date
 - d. Shipment Date
 - e. Bill of Lading o Carte Porte
 - f. Currency
 - g. Oshkosh Part Number
 - h. Supplier Part Number
 - i. Spanish Description
 - j. English Description
 - k. Purchasing Unit of Measure
 - l. Quantity
 - m. Unit Cost
 - n. Total Cost
 - o. Mexican HS Tariff Number
 - p. HS Code Unit of Measure
 - q. HS Code Quantity
 - r. Net Weight
 - s. Gross Weight
 - t. County of Origin

This information is used by the OEM Customs team to generate the virtual import bill with our Annex 24 system as well as receipt records in our Enterprise Resource Planning system.

The preferred format of this report as well as definitions of each field is found below.



Weekly and Monthly
Virtual Import Report

3. After the start of the new month, the OEM Customs team will contact the Supplier's Customs team to commence the closure of the consolidated virtual pedimentos. Note timely response to this action is needed as all closures must occur within the first 10 days of the new month.

SHIPMENT REQUIREMENTS

1. Each shipment must have a tax bill raised and must also contain the following information:
 - a. Place and date of issue
 - b. Name and address of the recipient / "ship to"
 1. If the destination changes the person who makes this change must enter it under oath
 - c. Part number, detailed commercial description of the goods, number of units, country of origin, unitary and extended value of the goods and the total value of the invoice
 - d. Name and address of the supplier
 - e. Name and address of the purchaser / "sold to" if different than the recipient
 - f. Invoice number

Additionally, since the supplier's goods are moving to OEM under the virtual import regime, this tax invoice must also contain on the statements mentioned below based on the facts that concern the supplier's operation.

An example of a compliant tax bill is found below.



Tax Bill Example

Supplier is a National Provider with no IMMEX program

"This operation is performed in accordance with Art. 112 of the Customs Act into Force, rules 4.3.19., Fr. II, 5.2.7, 5.2.8 of the RGCE of 2016 between the company Oshkosh Equipment Manufacturing, S de RL de CV with IMMEX program number 118-2015 and the company XXXXXX SA de CV, with RFC XXXX:

Export Motion Number XX-XX-XXXX-XXXXXXXX

Import Motion Number XX-XX-XXXX-XXXXXXXX

Supplier operates under an IMMEX program

“This is done in accordance with Art. 112 fo the Customs Act into Force, Rules 4.3.19, 5.2.6., Fr II, Fr I. 5.2.7 of the RGCE of 2016 between the company of Oshkosh Equipment Manufacturing, S de RL de CV with IMMEX program number 118-2015 and the company XXXXXX SA de CV, with IMMEX program number XXXX:

Export Motion Number XX-XX-XXXX-XXXXXXXX

Import Motion Number XX-XX-XXXX-XXXXXXXX

2. Shipments to OEM must be made in single vehicle movements so that the weight of each shipment does not exceed 25 metric tons or 50 metric tons for a double trailer. According to Rule 4.3.19 (B). This weight limit applies to all transfers included in the monthly consolidated operations
3. Shipments to OEM must commence and end within the same month. For example, the if the supplier ships goods on the 31st of the month, the goods must be received by OEM on the 31st and the tax invoice must be raised on and dated as the 31st.

Special consideration must be made for end of the month shipments as the transit and lead time of the supplier’s products impact how many products need to be shipped when. If the transit time from a supplier is 2 days then the supplier must supply enough products to cover 4 days of OEM’s manufacturing. This is due to the fact that a current month’s shipment must be shipped on the 29th for receipt on the 31st and that the new month’s shipment cannot occur until the 1st for receipt on the 3rd; difference of 4 days.