

**Transportation
Transformation in Europe**
Carrier Onboarding



Agenda



There are three main reasons driving our change..

Simplicity

- We can further simplify the way we procure, plan and execute transportation in Europe.

Synergy

- Today we are not able to unlock synergy benefits by planning and linking loads in with loads out.

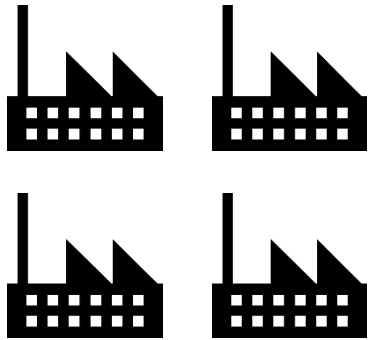
Scope

- With an efficient transportation planning Hub we can further increase the scope of transport that we manage ie. inbound materials

We will transform the way we manage transportation

Inter-market Transport Organisation Today

Decentralised Transport Organisation



136 Supply Locations

Planning & Executing
130 000 Loads per Year



64 different
Financial entities

Receiving, Controlling
and paying
transportation



1 Zone Team
(ETT)

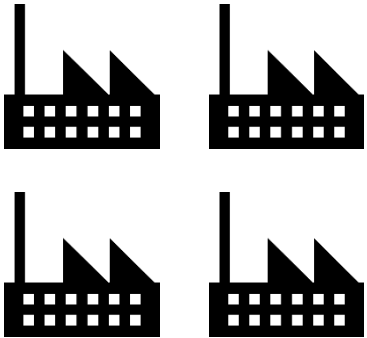
Negotiating,
Monitoring &
Supporting

We will transform the way we manage transportation

Inter-market Transport Organisation HUB at York is starting 1st of April

Unified and focused Transport Organisation

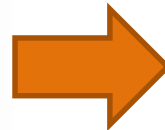
130 000 Loads per Year



136 Supply
Locations



Planning,
Executing & Monitoring



Controlling
and paying



Negotiating &
supporting

One organisation

When/How is the change going to happen?

YORK HUB progressively taking over management of the transportation flows

The deployment method chosen is to move individually by **outbound site** (all loads planned from an outbound location).

Cluster #1	Cluster #2	Cluster #3	Cluster #4	Cluster #5
Concerns all outbound loads from UK Sites, Tutbury & Sudbury . We aim to go-live with this scope as of the 1st of April .	Concerns all outbound loads from other UK sites, wave 1 of Germany, Poland and Hungary – mid of May 2019	Concerns all outbound loads from wave 1 of France, Italy, Switzerland, Portugal and wave 2 Germany - mid of July 2019	Concerns all outbound loads from wave 1 Bulgaria, Ukraine, Slovakia, and Spain - end of August 2019	Concerns all remaining outbound sites which should be completed by end of October 2019

April
2019

October
2019



High Level Deployment Plan

	Q4 2018			Q1 2019			Q2 2019			Q3 2019			Q4 2019	
Task	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov
TCT Platform Preparation														
Deployment Kit Preparation														
HUB1 Operation and UK Out. Sites (Cluster 1)														
On Boarding Control – Out. Cluster 2														
On Boarding Control – Out. Cluster 3														
On Boarding Control – Out. Cluster 4														
On Boarding Control – All Others Cluster 5														



Operations Go-Live



Hyper-Care Period

Cluster 2: UK2 / DE1/ PL1 / HU1 | **Cluster 3:** FR1 / IT1 / CH1 / DE2 / PT1 | **Cluster 4:** BG1 / UA1 / SK1 / ES1 |

Cluster 5: FR2 / IT2 / CH2 / ES2 / HU2 / Others

What is going to change?

T-Hub

- Will take over the ***management of all IMS flows in Europe.***
- It will become your single and unique business partner for ***planning, scheduling, and execution*** of all International transports for Nestle in Europe.
- Procurement Activities, contracting, invoicing & payments will be managed by Nestrade Company which is a Nestle Affiliate company

Contracts

- Your current legal contracts (“General Terms and Conditions” - GTC) will be kept with no change, as Nestrade is a “Nestle Affiliate” as per the definition in GTC. (*similar to any Nestle Market*)
- The current GTC will be cancelled and replaced by new ones in the next RFP.

Payments

- **Nestrade** will be your main invoicing entity post **Go-Live**.
- The Purchase orders will be Paid by Nestrade – All Payment Terms will be maintained at 60 days (current GTC),
- We aim to ***standardize our invoice*** and payment process through a bi-weekly ***billing cycle***.

Demand

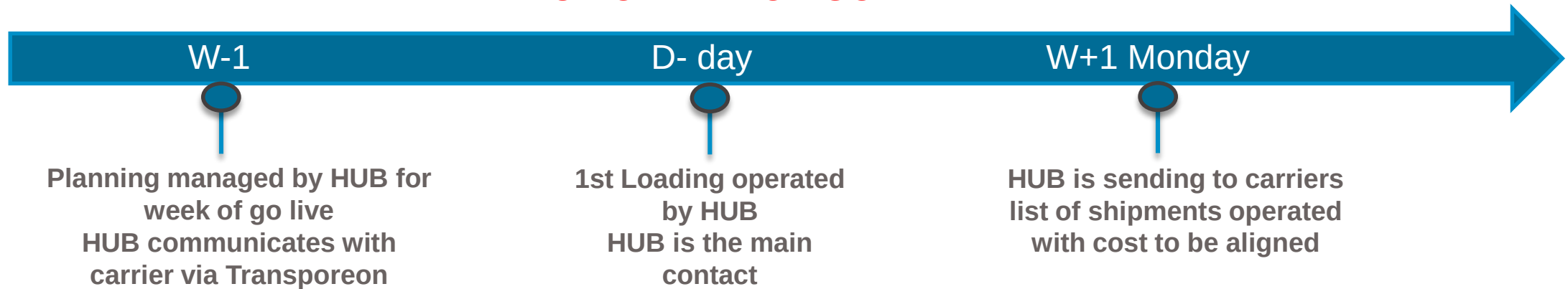
- Transport demand previously received directly from the sending sites will now be channelled through the HUB in York.
- The HUB in York will communicate the demand to our partners through the TRANSPOREON platform as today. ***Special Load reference numbers*** will be used to easily identify Loads managed by the HUB.

Bi-Weekly Billing cycle

1. On Monday THUB will communicate to the Carriers the list of Loads executed on their behalf during the last 2 weeks with the agreed freight prices.
2. Carriers will have 2 business days (ie. Wednesday end of the day) to review the correctness of the list and the pricing applied. In case of issues they can contact our HUB to apply the corrections.
3. After 2 business days system (ie. Friday end of the day) will communicate a **Purchase order** number to the carriers to be used for the final invoice.
4. Carriers will address the final invoice with the Purchase order reference to our Finance Center for payment
5. If invoice matches exactly the purchase order payment will be executed as per current payment terms without any delay.
6. Discrepancies will follow current dispute management process

Freight settlement –Transition for Market Onboarding

HUB OPERATION GO LIVE



- ✓ A first Report will be shared by the HUB (Freight settlement) to all carriers including all shipment that was managed by the HUB (Load Number should be starting with X1)
- ✓ For All the Shipments starting with (X1) the carriers will have to invoice now the Nestrade instead of the Receiving Markets.
- ✓ During the transition period , Carriers will be invoicing the Markets and Nestrade at the same time until full market onboarding takes place.
- ✓ Carriers should send a scanned copy of invoices to Nestrade following the guidance in the Nestrade Invoicing Rules document (for carriers using Tungsten, please refer to the FAQs document)



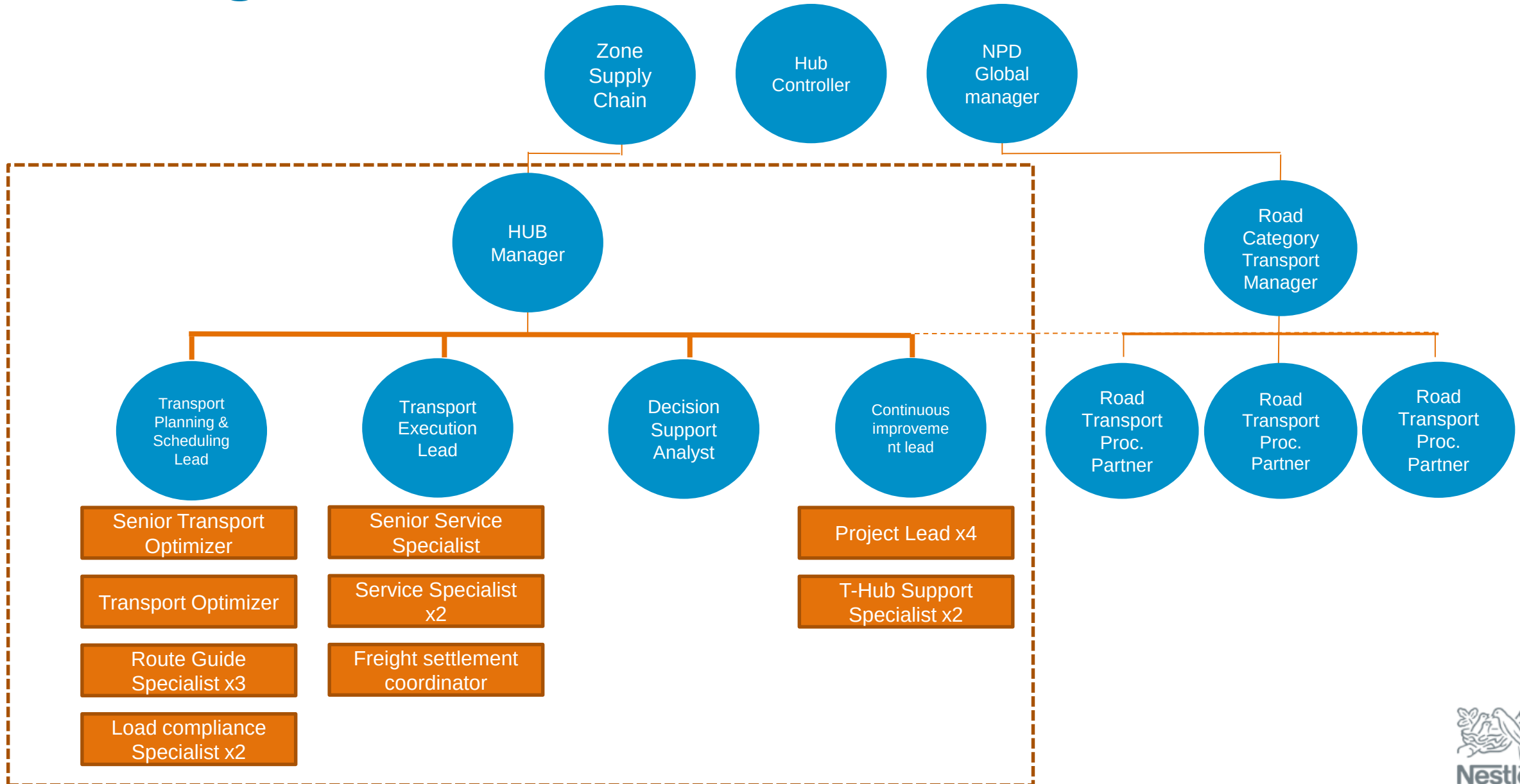
Only shipments **ex-UK Tutbury & Sudbury** are concerned by this go live
Same scheduling will be in place when ramp up of other markets / sites

Change Impact for Carriers

Today	Tomorrow	Impact
Carrier is receiving order in Transporeon	Carrier is receiving order in Transporeon	Minor change: Shipment number will start by X1...
Carrier has to accept/refuse order in Transporeon	Carrier has to accept/refuse order in Transporeon	No change
Carrier is booking slot in transporeon	Carrier is booking slot in transporeon	No change
Carrier communicate with sending market for changes...	Carrier communicate with HUB for changes...	Change of counter part
Carrier is invoicing receiving market	Carrier is invoicing Nestrade, based on list of shipments agreed with HUB	Change of counter part

For intermarket shipments only, starting with outbound from UK Tutbury and Subury, followed by outbound from others UK sites, PL, DE, HU, thereafter FR, IB, IT, CH and the remaining countries

THUB Organisation



Roles in the T-Hub

T-Hub lead

- HUB's Manager

Road Procurement Category Mgr.

- The strategic foundations of freight procurement

Road Procurement Partner

- sourcing and maintenance of providers
- Performance reviews

T-Hub Support Specialist

- Master data owner
- First support for IT issue

Transport optimizer

- Group transportation demand
- Meet transport service requirements and transport execution requirements

Route guide specialist

- Proceed to carrier selection
- Broadcasting non-awarded demand

Load compliance specialist

- Coordinate with markets operational activity
- Coordinate with carriers slots bookings/appointments in Transporeon

T-hub Service specialist

- Track in transit
- Track delivery accuracy

Freight Settlement

- Execute financial activity of shipment
- Dispute Management

Decision Support lead

- Performance & Control Cost Allocation

Communication Channels (who should the carriers reach out to?)

T-Hub lead

- Escalation if necessary

Road Procurement Category Mgr.

- Escalation for Procurement activity

Road Procurement Partner

- Main contact for yearly tender and performance review

Transport planning & scheduling lead

- Escalation for planning organization

Route guide specialist

- Main contact for order acceptance / refusal

Load compliance specialist

- Main contact for slots bookings/appointments in Transporeon

Transport execution lead

- Escalation for execution and settlement

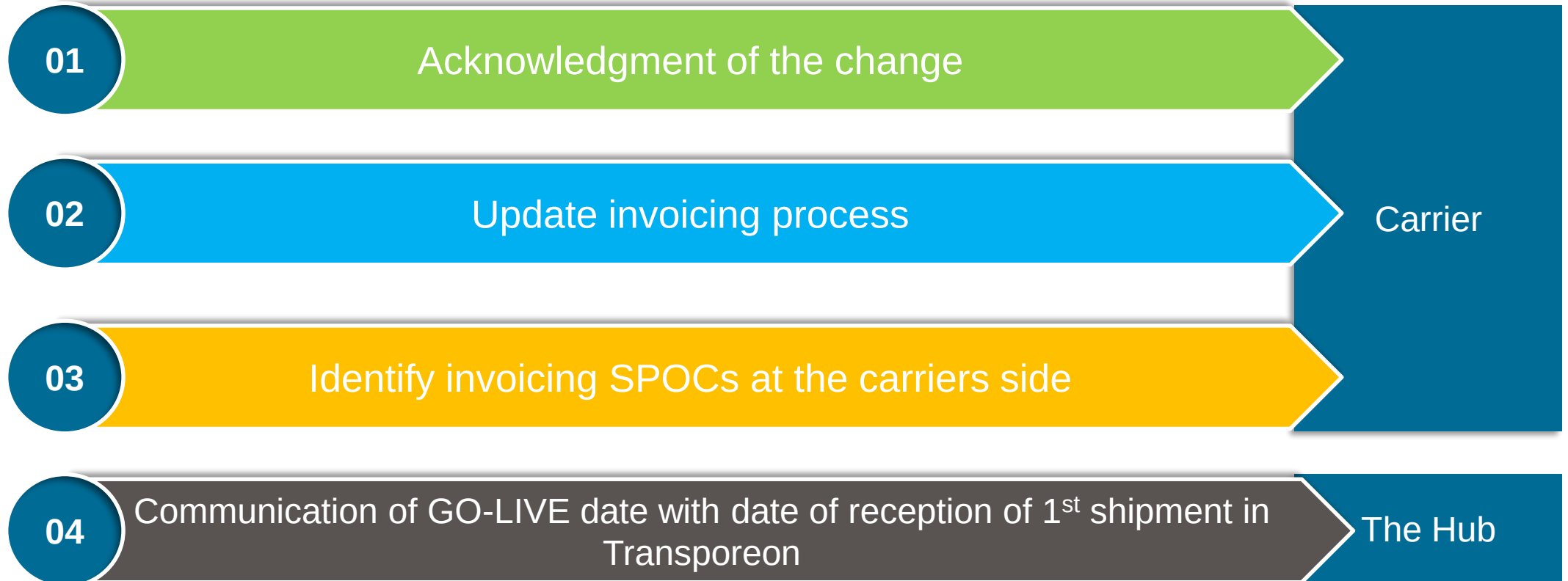
T-hub Service specialist

- Main contact for in transit and deliveries executions steps

Freight Settlement

- Main contact for payment and invoice process

Next Steps



Summary of changes and benefits for carriers

What Nestle will do..

1. We will procure, plan, execute and pay transport from one single team and legal entity
2. We will improve the invoicing process to be simple and increase the change of first-time-right
3. We will be able to better manage our inbound and outbound loads to sites

What are the benefits..

Makes Nestle easier to deal with, fewer points of contact and quicker decision making

Fewer blocked invoices, more reliable payment

More possibility to link loads and ensure efficiency

The Transportation Transformation starts here...

