

# LOGISTIC GUIDELINES

**FRAUENTHAL GNOTEC AB and its subsidiaries**

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## 1. Objectives

This general logistic agreement serves the purpose of clarifying operational issues to avoid misunderstanding that could lead to disruptions in supply or information flow.

## 2. Associated elements

Associated elements which this agreement refers to can and will be up-dated during its validity and it lies on the Suppliers responsibility to keep up to date with which issue is valid or changed. Information of revised issues will be published on the Gnotec Supplier Portal.

## 3. Up-dates and revisions

This agreement will be made in duplicates were each parties will receive one copy each. This agreement shall be reviewed during supplier review meetings to catch potential changes in terms or conditions.

2018-08-09 Updated address info for consignee 1685. Torup is closed and replaced by Kinnared

## 4. Format

This logistic agreement contains the general logistic agreement with addendums and an approval page for parties to sign.

## 5. Document management

- This agreement becomes valid first after both parties has signed the agreement.
- Changes, modifications or special arrangement to this agreement have to be in writing agreed to be valid.
- The agreement can be terminated by any part first after 6 months prior notice.

## 6. OPERATIONAL CONDITIONS

### 6.1. MATERIAL MANAGEMENT AND LOGISTIC INFORMATION FLOW PROCESS

Logistic information flow process for purchased material, components and subcontracting return flow described in **Figure 2**

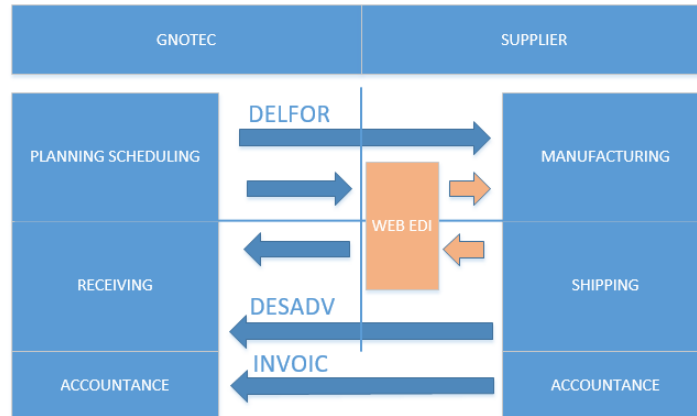


FIGURE 2. Materials Management and logistic information flow

Logistic information flow process for subcontracting at direct delivery to customer is described in **Figure 3**

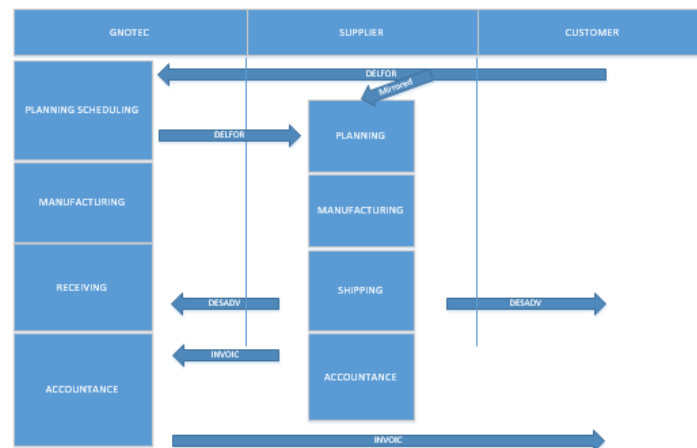


FIGURE 3. Materials Management and logistic information flow subcontracting

### 6.2. CALL OFF (SERIAL PRODUCTION)

All supplies under serial conditions shall be handle by EDI schedules and call offs.

#### 6.2.1. EDI STANDARD MESSAGE SPECIFICATION

- a. FORECAST AND CALL OFF MESSAGE  
DELFOR EDIFACT D.96A
- b. Advance Shipping Notice Message(ASN)  
DESADV EDIFACT D.96A
- c. Invoice message  
INVOIC EDIFACT D.03A

#### 6.2.2. WEB EDI (ALTERNATIVE EDI FLOW)

Gnotec will provide an alternative solution for those suppliers who need time to set up full EDIFACT solution, this WEB based alternative interface will be set-up by Gnotec partner and the cost for implementation and operation will be on the supplier expense and shall be cost neutral on operational level for Gnotec.

### 6.3. ORDERING PROCEDURES (NON SERIAL)

Any delivery or startup of a project shall be preceded by an order to be approved for receipt or invoicing and can be issued as per below.

#### 6.3.1. MANUAL ORDERS

Manual purchase orders are only issued for standalone purchase needs such as PPAP, Samples, tooling, spare parts if nothing else is agreed with the supplier and the buyer.

### 6.4. CONFIRMATION

#### 6.4.1. MANUAL ORDER CONFIRMATION

Order confirmations for manual orders is to be sent to a common mailbox at each Gnotec plant within 24 hours. Orders not acknowledge or confirmed within this time frame is proceed and seen as confirmed and the supplier are entitled to deliver according the ordered quantity and deliver date.

#### 6.4.2. EDI SCHEDULE CONFIRMATION

Sent EDI schedule is automatically acknowledged and confirmed within 24 hours of transmitted schedule and the Supplier are responsible to contact Gnotec if they cannot deliver in time or quantity in the delivery schedule within this time frame.

#### 6.4.3. QTY in Schedules

All call-offs and deliveries are supposed to be delivered ON TIME IN FULL any deviation can and will be claimed.

##### 6.4.3..1. RAW MATERIAL ON COIL

For coils the agreed packaging QTY in Nomination Letter is the actual weight per coil.

Deviation of ordered coil weight versus delivered weight a discrepancy of +/- 17% is accepted.

##### 6.4.3..2. SHEET METALS PACKAGING

See instruction I-4.23.

#### 6.4.4. MESSAGE TYPE AND DESCRIPTIONS

Message type	Short description	Medium (e.g. EDIFACT).	Frequency
FORECAST/ RELEASE	An order of material against blanket purchase order, nomination letter or contract. A release tells the supplier what, when, how much and where to ship.	DELFOR	Daily
ASN (Advance shipping notice)	EDI transaction listing the contents of a shipment of goods as well as additional information relating to the shipment including order information, product description, physical characteristics, packaging type, marking, carrier information, and configuration of goods within the transportation equipment. The ASN completes the shipping cycle and, when used in conjunction with bar-coded shipping labels, it can eliminate manual receiving functions by moving data accounting records for electronic payment, reducing the need for traditional invoicing procedures.	DESADV	Every delivery, maximum 30 minutes delay from dispatch.
INVOICE	EDI transaction matching ASN in QTY and reference ASN number containing delivered part number, <u>qty</u> and price. For packaging material costs separate specific set-up and item codes must be used.	INVOIC	INVOIC shall be sent as close to the agreed INCOTERMS and were risk and ownership has been passed on to the customer.

#### 6.4.5. COMMUNICATION MODES

- EDI transfer is the main communication mode.
- For those suppliers who can't receive and send EDI message the customer can as an option provide a WEB portal of handling the data transfer modes above. The cost for this solution will be on the supplier.

#### 6.4.6. CONSIGNEE CODES IN DELIVERY SCHEDULES

- Below delivery consignee codes (delivery destinations) are the codes that are used in the delivery schedules.

Consignee codes	Company	Address	Zip code	City	Prod place
1667 or 13561	Frauenthal Gnotec Sweden AB	Gamla Nissastigen 5	314 32	Hyltebruk	Warehouse in Hylte
9067	Reftele Produktion AB	Bruksgatan 7	333 75	Reftele	Reftele
1685	Frauenthal Gnotec Sweden AB	Älvdalsvägen	314 95	Kinnared	Kinnared, steel warehouse
1686	Frauenthal Gnotec Sweden AB	Västra industrigatan 4	314 32	Hyltebruk	Hylte steel warehouse

#### 6.4.7. DATES

- All material requirement dates in delivery schedules stating the requested date of arrival or date of dispatch depending on what INCOTERMS as per example below.
  - EXW/FCA = Date of dispatch
  - DDP/DAP = Date of arrival

- For premium freights or speed transports dates communicated from both parties shall always be when goods shall be arrived at the Gnotec plant.

6.4.8. DELIVERY FREQUENCY

- If nothing else agreed, there will be full flexibility in delivery which means that delivery can be called off once a day as maximum.

6.4.9. RISK OF DELAY

- The Supplier are responsible to notify the Customer any possible risk of delay of delivery against schedules or purchase orders to respectively plant material planning department without delay and for further instructions of rescue actions.

## 6.5. BOUGHT CAPACITY AND VOLUMES

The supplier is responsible before submitting a quote to make a capacity analysis for requested volume in RFQ to secure material supply over the project life time.

### 6.5.1. CAPACITY AND VOLUME DEFINITION

The requested annual volume in all documentations such as RFQ/Nomination letter, contract reviews or annual forecast if nothing else stated indicates the peak volume under serial conditions.

- CAPACITY - SUPPLIER COMMITMENT
  - If the volumes during the products life cycle increases above supplier capacity the Supplier is responsible to notify the Customer and suggest proper solution with reasonable period of notice ahead.
  - If no limitation of capacity has been raised in documentation prior to Nomination letter the supplier has accepted to manage the requested capacity for the product and capacity is seen as unlimited.
  
- NWC (Normal Weekly Capacity)
  - NWC is the agreed MAX weekly capacity based on the peak year volume divided by 45 weeks and maximum utilization rate of 120 hours per week. Any deviation already in quote stage above 120 hours has to be stated within the quotation and approved by SQ after risk analysis has been done.
  
- FLEXIBILITY

Flexibility describes the volume difference the supplier has to accept to deliver without any further actions and can be described as follows.

  - **Weekly flex** = actual week compared with last three (3) months average take rate the supplier has to accept up to 150% higher rate.
  - **Monthly flex** = actual month compared with last three (3) months average take rate the supplier has to accept up to 50% higher rate.



### 6.5.2. RESPONSIBILITY FOR MATERIAL IN DELIVERY SCHEDULES

The supplier is responsible to deliver according the received delivery schedule.

The delivery schedule indicates three levels of material authorization.

- CODE “1”
  - Firm order of material or components. This is the actual qty to supply to the customer and customer is responsible for the QTY marked with CODE “1” in the delivery schedule.
  - Authorization maximum 4 weeks of average volume<sup>1</sup> showed in the schedule when the first zero (0) call off was presented.
  
- CODE “3”
  - Raw material authorization of 8 weeks of the average volume showed in the plan when the first 0-plan was sent or call off was last present.
  
- CODE “4”
  - Forecast only for capacity planning no Customer authorization given.
  
- UNIQUE PARTS MATERIAL AUTHORIZATION  
When starting up a project the Supplier bare the full responsibility to communicate if the specific part needs a longer authorization than above and make a separate agreement of material authorization within the contract review.
  
- TERMS OF CANCELLATION/TERMINATION/CHANGE REQUEST
  - The Customers responsibility for material discrepancies are limited to the actual situation and customer specific material that cannot within reasonable timeframe be sold or reworked to fit other customers need and thereby be sold.
  - In case of planned change request with short introduction time the Supplier and the Customer can make a special separate agreement in writing for the specific project.

### 6.5.3. AVOIDING PRODUCTION DISRUPTIONS

This chapter is in further detail also described in the ODETTE MMOG/LE V4 Chapter 2.

#### 6.5.3..1. CONTACTS

- Supplier shall at least once a year or in the event of organizational changes notify the customer with an up-dated contact list with emergency contact persons and contact ways for Management, Quality, Production, Logistics and order.

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<sup>1</sup> Average volume is the last three months average weekly delivered quantity.

#### 6.5.3..2. CAPACITY AND PLANNING

- The supplier shall have documented procedures like, production and capacity planning, material handling, stock control, warehousing, performance assessment etc.
- The resource planning and flexibility within the organization shall regularly be monitored and reviewed.

#### 6.5.3..3. RISK MANAGEMENT, CONTINGENCY AND BACK-UP

- Supplier shall have a documented risk assessment process in place to identify areas within the supply chain that could affect the ability to meet the customer's requirement in the event of deviation from the normal business process.
- Supplier shall have a documented back-up/contingency plan including as minimum, key internal/external contacts, containment actions, recovery steps to normal operations, and the identification of key personnel responsible for the execution.
- The back-up/contingency plan shall be reviewed periodically.

#### 6.5.3..4. HOLIDAYS

- Holidays and planned closing time for production and logistic service supplier are responsible to plan for that extra capacity in time to meet customer needs.
- For each closing period the notice period is for one day minimum 7 working days in advance and for longer period than a week the notice period is minimum with a factor 8 to the planned closing period.

#### 6.5.4. STANDARD FOR DATA/INFORMATION EXCHANGE

- All information exchange is made either by EDI, phone, mail or internet portals.
- Both the Customer and the Supplier understand that in the end it is the end Customer who decide the information flow interval (delivery schedules), The customer has the right to change the interval against the supplier with proper notification period.

#### 6.5.5. USE OF LANGUAGE

- As a general rule the use of language shall be determined by the language the Customer address the Supplier in each case.
- For communication of tactical and strategic characteristics involving two or more Customers or Suppliers sites in other countries English shall be used.
- Information that is used to be forwarded to the end Customer such as answers to 8D reports etc. English shall be used as the default language.

## 6.6. LABELLING

- Goods labels shall be printed by the supplier according to Gnotec's requirement. Before the first delivery Gnotec shall approve the label. All packages (pallets, boxes, cardboard boxes etc) shall have a Gnotec approved label. The label shall be placed on the lower left corner of the short side of the pallet on the pallet frame. When Self-adhesive labels are used, following applies: - Shall be stuck on specified area on the small boxes. (Do NOT staple). - Shall be stapled on wooden frames. Do NOT remove the back paper. - Shall be put in label holder on steel rack/specific packaging. Do NOT remove the back paper. The goods label should always be fixed with staples (One staple in each corner and one in the middle.) in the left hand short end corner. If self-adhesive label material is used, do NOT remove the back paper.

### 6.6.2. GNOTEC STANDARD GOODS LABELS ARE:

- Standard AIAG/ODETTE label version 1 revision 4. This label shall be used if nothing else has been agreed.
- VDA 4902 KLT used for small boxes where std Odette label doesn't fit. Only after agreement.
- Credit card label; size 55\*104 mm (h\*w) used for small boxes where std Odette label doesn't fit. Only after agreement.
- Simplified Odette std label. Only after approval by Gnotec. Can be used from subcontractor and return flow when the labels are printed in production and no delivery note exist. Mandatory fields are; Vendor (V), Part number (P), Quantity (Q), Batch id (H), Date.
- The labels data content shall correspond to data in the DESADV message.

### 6.6.3. MASTER LABEL NUMBER (M or G)

- Only M labels can be used. G labels (mixed load) are NOT allowed.
- It is allowed to place boxes/ cardboard boxes on the same pallet but no G label shall be attached. Each box shall be labelled with standard S label (Serial number, packaging identification number).
- When there are several boxes with the same item on the pallet, master label M shall be used for total quantity.
- Identifiers S or M are assigned according to label usage.

### 6.6.4. PAPER SIZE AND MATERIALS

- The format of the Odette std label is A5 (210x148 mm), VDA KLT format is A5/2 (210\*74 mm) and Credit card label is (104\*55 mm).
- The Odette std label paper must be white with black printing. The label material has to have a weight of not less than 160-170 g/m<sup>2</sup>. This is to assure the Odette label information being readable in the complete supply chain. The label must be durable enough to ensure readability at its destination, i.e. being water and sun resistant.

#### 6.6.5. PRINTERS

- To ensure readability of the bar codes, a very high print quality is demanded. Therefore, Gnotec recommends using either a Direct Thermo or Thermo Transfer printers as they are more suitable for industrial printing and are more robust for the environment its working in.
- If a Laser printer is used to print the goods label it must be, by the printer manufacturer, recommended for industrial use and printing. This since a Laser printer is more sensitive to the environment it is working in. A configuration of the printing set up which allows edge compensation is NOT allowed as this will have a negative effect on the printed barcode. A Laser printer is considered to best suitable when only small series of goods labels are printed.

#### 6.6.6. BAR CODES

- Bar code symbols shall be Code 39. The format for each bar code-element is: Start character, Identifier (Data Identifier), Data characters and Stop character. All bar coded areas are printed left justified. Bar codes require a quiet zone to the left and right of the bar/space pattern. Begin and end margins (quiet zones) must be at least 6.4 mm so that no line or similar (e.g. staples, straps or fixation stickers) makes the decoding of the bar code impossible.

#### 6.6.7. LABELS FOR DIRECT DELIVERIES FROM SUBCONTRACTORS

- All labels shall be according to Gnotec's end customer's standards.

#### 6.6.8. DATA AREA CONTENT

- Data printed on the label must be consistent with the data collected from the Delivery Schedules (DELFOR) and in conjunction with the ASN message (DESADV).
- The data information in readable text must be printed above and in conjunction with the bar code, e.g. Advice note number.
- Conditional Data Areas (Occasionally or Dependent information) which are not required by any agreement between Gnotec and the respective supplier, must be left blank. See Data Area Table.

6.6.8..1. Label section explanation:

*The label is has two sections as per below described:*

- Shipping section - Receiver, Dock/Gate, Advice Note number, Supplier address, Net weight, Gross weight and Number of boxes.
- Parts Identification section - Part number, Quantity, Supplier, Serial Number, Description, Logistic, Reference Area, Date, Engineering change and Batch number.
- The Data Areas are numbered from 1 to 16 and should be read together with information given in data area table and data area explanations.

Shipping section	Receiver (1)		Dock / Gate (2)		
	Advice Note No (N) (3)		Supplier address (4)		
	Net Weight (Kg) (5)	Gross weight (Kg) (6)	No. of boxes (7)		
Parts Identification section	Part Number (P) (8)				
	Quantity (Q) (9)		Description (10)		
	Supplier (V) (12)		Logistic Reference (11)		
			Date (13)	Eng. Change (14)	
	Serial Number (S) (15)		Batch no (H) (16)		

## 6.6.9. DATA AREA TABLE:

	Data Area Content	User Attributes	Field Length <i>Excl. Data Identifiers</i>	Bar code Size height (mm)	Text Size height (mm)	Data Identifiers
<b>Shipping section</b>						
1	<b>Receiver</b> <i>Gnotec's unloading location</i>	R	2 lines x an..20		7	
2	<b>Dock/Gate</b> <i>Gnotec's final delivery point</i>	R	1 line x an..12		13	
3	<b>Advice Note Number</b> <i>Supplier's advice note number.</i>	R	an..8		7	N
4	<b>Supplier Address</b> <i>Supplier's name and address, country of origin</i>	R	an..29		5	
5	<b>Net Weight</b> <i>Material weight within Transport unit.</i>	D	n..5		7	
6	<b>Gross Weight</b> <i>Total Transport unit weight.</i>	D	n..5		7	
7	<b>No. of Boxes</b> <i>Number of packages within one transport unit.</i>	D	n..5		7	
<b>Part identification section</b>						
8	<b>Part Number</b> <i>Gnotec's Part number.</i>	R	n..24	13	13	P
9	<b>Quantity</b> <i>Package or Transport unit quantity.</i>	R	n..10	13	13	Q
9	<b>Unit Of Measurement</b> <i>Default value: PCE</i>	D	an..3		7	
10	<b>Description</b> <i>Gnotec's part description.</i>	R	an..22		7	
11	<b>Logistic Reference</b>	N				
12	<b>Supplier ID</b> <i>Gnotec's Supplier number/ID.</i>	R	an..10	13	5	V
13	<b>Date</b> <i>Material production date (P) or despatch date (D).</i>	R	an8		7	
14	<b>Engineering Change</b> <i>Buyer's engineering change number.</i>	D	n..14		7	
15	<b>Serial Number</b> <i>Supplier's Package or Transport unit identification number</i>	D	n..9	13	5	S
15	<b>Master Label Number</b> <i>Supplier's Transport unit identification number</i>	D	n..9	13	5	M
16	<b>Batch Number</b>	D	n..9	13	5	H








Supplier's identification of documentation items.					
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## 6.6.10. DATA AREA TABLE EXPLANATIONS:







User Attributes:	Field Length:	Data Identifiers
R = Required	an = alpha numeric value	N = Advice Note Number
D = Dependent	a = alpha value	P = Part Number
N = Not Used	n = numeric value	Q = Quantity
	..10 = 1-10 positions	V = Supplier ID
	10 = exact 10 positions	S = Simplified Handling Unit
		M = Homogenous Handling Unit
		H = Batch Number

## 6.6.11. EXAMPLES OF LABELS

- ODETTE STD LABEL (Not actual size)

RECEIVER <b>Gnotec Čadca s. r. o.</b> <b>Podzávoz 2824, Čadca</b>		DOCKGATE <b>Port1 / Rec</b>	
ADVICE NOTE NO (N) <b>1030046</b> 		SUPPLIER ADDR <b>SUPPLIER XXX</b>	
		NET WT (KG) <b>100</b>	GROSS WT (KG) <b>100</b>
		NO OF BOXES <b>1</b>	
PART NO (P) <b>1234567</b> 			
QUANTITY (Q) <b>100</b> 		DESCRIPTION <b>PLASTIC BRACKET</b>	
SUPPLIER (V) <b>5522</b> 		SUPPLIER PART NO (30S) <b>102030</b> 	
		DATE <b>20161028</b>	ENG CHANGE <b>P-021</b>
SERIAL (S) <b>10000012</b> 		BATCH NO (H) <b>98765</b> 	
<small>Odette Ver.1 Rev.4</small>			

- VDA 4902 KLT (Not actual size)

(1) Warenangabe/Kurzadresse <b>MAYR WERKE AG</b> <b>70327 STUTTGART-ZUFF</b>	(2) Abstellstelle - Lagerort - Verwendungsschlüssel <b>ABLAD - LAGER - M</b>	(3) Lieferschein-Nr. (N) <b>2581752</b> 
(8) Sach-Nr. Kunde (P) <b>765-HGD89-1234567</b> 		
(9) Füllmenge (Q) <b>140</b> <b>ST</b>	(10) Bezeichnung Lieferungs-Leistung <b>ELEKTR.STEUERGERAET</b>	
(12) Lieferanten-Nr. (V) <b>1234546789</b> 	(11) Sach-Nr. Lieferant (30S) <b>00123B1070</b> 	
(15) Packstück-Nr. (S) <b>2481752 01</b> 	(13) Datum <b>D940407</b>	(14) Änderungsstand Konstruktion <b>AENDERUNGSSTAND</b>
	(16) Chargen-Nr. (H) <b>C12345678</b> 	

- CREDIT CARD LABEL (Not actual size)



## 6.7. PACKAGING

- Before production starts the parties shall define and agree on part specific packaging configuration and set-up including substitutes where needed.
- The Customer shall provide the Supplier with valid packaging instructions in case of unspecified packaging instruction the Supplier shall pack the goods in a professional way to avoid damages, rust, and withstand transportation and handling which also shall be stackable as long as the goods shape and size allows.
- Standard packaging as substitute are available at the supplier portal or at the purchasing department of each plant.

## 6.8. RETURNABLE PACKAGING MATERIAL

Where the packaging configuration includes the use of returnable packaging, the following items are agreed to by the parties:

- Allocation and ownership
- Point of pick-up and delivery of empties
- Packaging code
- Packaging spec
- Maintenance and cleaning conditions
- Acceptable defects
- Sorting and scrapping routine
- Substitute packaging, including responsibility for costs
- Inventory balancing and reporting
- Packaging in their possession (where customer own the packaging).
- Reporting routine and system



#### 6.9. STANDARD PALLETS AND FRAMES

- Prices for EUR pallets, Frames, lid etc. for delivery to the Customer are specified in **addendum GF-4.80 Standard packaging surcharges**
- Accepted returnable pallets conditions and packing instruction are specified in **addendum GF-4.81 Requirement for used wooden frames and pallets**
- Credit of maximum 90% of above price in the pricelist for returned packaging material were buy/sell conditions are valid and suppliers are not able to enter the Customer packaging pool.
- Cost for transportation are upon the returning parts hand.

#### 6.10. DOCUMENTS / EDI DOCUMENTS

Each shipment shall be followed by documentation as per below.

##### 6.10.1. WAY BILL

One (1) way bill per shipment, if multiple purchase orders are delivered at the same time they shall all be included in the same way bill.

##### 6.10.2. DELIVERY NOTE / ASN

Delivery note shall contain at least the following information.

- Date
- Delivery note number
- Purchase order number
- Customer part identification number (part number)
- Qty delivered
- Batch number or traceability number if required.
- Upon request from time to time customer specific marking such as project number, PPAP delivery, Change request number, receiver etc.

EDI ASN (Advance Shipping Notice) shall be sent not later than 30 minutes after dispatch.

##### 6.10.3. INVOICE / EDI INVOICE

Invoice shall be sent for one per each delivery note since the invoice is automatically matched with the delivery note and contain the following information as minimum.

- Invoice number
- Delivery note number
- Delivery date
- Customer order number
- Part number
- Quantity per part number delivered
- Price
- Price unit
- Sum

Bundle invoicing are not allowed.

Packaging material surcharges and set-up cost etc. allowed but has to be according to the Customer specified identification numbers and has to be set-up individually before invoices to be accepted.

## 6.11. TRANSPORT AND BOOKING

### 6.11.1. DELIVERY TERMS

- General terms and conditions is as per default to DDP “customer site” INCOTERMS 2010 if nothing else agreed.
- Where the Customer is responsible for the transport according to the agreed INCOTERMS the supplier shall book transport at selected forwarder according to the Customers instruction using TA-system with EDI communication or in the forwarders transport booking portals using the Customers customer number at the forwarder.
- NOTE: The supplier is responsible to use the instructed services at the forwarder upon booking.
- Supplier shall always have full and adequate insurance according to the valid INCOTERMS to protect the goods during transport.

### 6.11.2. UNLOADING/LOADING CONSTRAINTS

- In general goods are unloaded from ground level and from the side of the trailer.
- Containers have to be picked up and delivered with SIMA lift.
- Normal opening hours from
  - 07:00 to 16:00 hours Monday to Thursday
  - 07:00 to 13:00 hours Fridays or day before national bank holiday as a minimum. Check with your local buyer to check possibility to unload later than this time.
- If by any reason the Customer is responsible for booking and pick-up the supplier shall inform the Customer of the valid opening hours and constraints of loading.

### 6.11.3. SPEED TRANSPORT

In the event of delay in production and delay of dispatch from the Supplier, the Supplier is responsible to contact the material planner and to book transport at its own expense for the at the time appropriate service (Parcel, Cargo, Special, Priority etc.) so that the expected arrival time is met.

## 6.12. RECEIVING

Discrepancies in QTY/TIME etc. upon receipt will be reported back as a rejection report to your quality department normally within 48 hours from receipt.

## 7. SUBCONTRACTING SPECIAL ADDITIONAL REQUIREMENTS

### 7.1. ORDER AND DELIVERY

When a subcontractor is delivering directly from its factory to the Customers end Customer, it is obliged to follow the customer specific requirements and use the valid systems for booking, shipment, ASN etc. and bare the full responsibility for any noncompliance to the customers end Customers demands.

### 7.2. RECEIPT

The Supplier shall make arrival inspection and control of material provided by the Customer. Any deviations shall promptly be reported back to the customer to be able to take necessary actions.

### 7.3. CUSTOMER PROVIDED MATERIAL

Were the Customer is providing the material for processing the Supplier is responsible for its value and upon damages, scraping due to production failure.

#### 7.3.1. RECEIPT

The supplier shall follow the customer procedure of receipt inspection if nothing else is agreed.

#### 7.3.2. STORAGE

- The supplier shall store the material provided properly to avoid damages, rust, losses, theft, fire etc.
- Make inventory balance control on sufficient intervals to secure inventory balancing or when requested from the Customer.
- If any deviations found at balance physical inventory control a firm root cause analysis has to be done and actions implemented to avoid the problem.

Report any discrepancies if and when detected.

#### 7.3.3. PROCESSING

The supplier shall process the material as agreed and if continuously report all scrap during processing in a timely manner to avoid shortages in production.