



Artifex Sweden AB's Supplier Logistics Manual

(applicable for all goods shipping to any location in Sweden)

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1 INTRODUCTION

The increased individuality of our customers sets high standards for our company and for our Supply chain in terms of required quality and flexibility. Logistics has developed from its original functions, which were of goods-In, and material flow related processes into a holistic, customer-oriented management function. Quality of logistics increasingly determines the competitiveness of our company and thus has become a strategic success factor.

Since Artifex Systems AB- can only achieve the highest level of logistics quality together with its suppliers, reliable and competent business partners that pursue the same customer-oriented goals essential.

This Logistics Supplier Manual shall help to enhance the relationship between suppliers and Artifex Systems AB- and reduce coordination challenges. The manual outlines the logistical requirements between Artifex Systems AB- and its suppliers in the procurement process of goods.

Complying with these requirements is an essential criterion to ensure highest customer satisfaction and achieve the required quality objectives.

The requirements for logistics in this manual represent standard processes between the plants of Artifex Systems AB- and its suppliers and serve as a summary and information basis for suppliers.

In individual cases, special arrangements may be necessary in addition to the presented requirements and procedures. In case of need, these arrangements will be agreed bilaterally at the appropriate time.

This manual is subject to updating by the Central Supply chain department of Artifex Systems AB- and will be updated when necessary.

2 OBJECTIVES

Suppliers shall provide the ordered material in the right quantity at the right time, to the right destination, in the planned sequence, and to the right quality.

In case the supplier is delivering on FCA Term, the supplier is obliged to book all transports according the 4PL Process.

Material availability

- Flexibility in case of changing requirements
- Constant availability of the product

- Correct delivery processing

Inventories

- High inventory turnover
- Low stock value

Low costs

- Avoidance of special freight services
- Avoidance of costs due to production disruptions and special actions
- Minimization of costs along the supply chain

2.1 Supplier's responsibilities

Suppliers are responsible for complying/implementing the beforehand agreed and aligned delivery concept from the production site to Artifex Systems AB. This responsibility includes the involvement of all sub-contractors. The delivery concept must be agreed before the first shipment with the logistics and Purchasing departments of the supplied Artifex Systems AB plant.

Artifex Systems AB- is operating a 4PL Logistics concept for all transport modes and all European facilities for transports it is mandatory for the supplier to follow the processes within this 4PL set up.

2.2 Order processing

Suppliers receive annual volume forecasts as a nonbinding preview.

On this basis, the supplier must ensure:

- Sufficient production capacities for this volume
- Sub-suppliers' ability to deliver accordingly
- Booking the transports at the Control Tower of the 4PL Service Provider

3 COMMUNICATION BETWEEN SUPPLIER AND ARTIFEX SYSTEMS AB

Basis for a sustainable cooperation between the supplier and Artifex Systems AB- is communication. Key point is an early and proactively information flow in terms of changes to all matters relating to supplier relations (agreements, processes, etc.).

Suppliers delivering on FCA, are obliged to inform the 4PL Service Provider and plant Planner accordingly in case of any supply chain disruptions.

3.1 **Contact person**

The supplier must assign contact persons responsible for logistics issues (names, deputies, supervisors), each with e-mail, office and mobile phone numbers.

The contact persons must have the necessary professional and linguistic skills:-

- English (as a standard for international communication)
- FCA Suppliers share all relevant contact details with the 4PL Service Provider

Assigned supplier contact persons (or agents) must be contactable during office hours on regular workdays (local time of the supplier) and provide 'Out of Hours Points of Contact'. Additional agreements must be made with the respective Artifex Systems AB- plant.

3.2 **Information flow**

Enquiries/Questions regarding delivery date, current delivery situation, and location of shipped goods must be answered immediately, or within a certain time agreed with the respective dispatcher. First contact is the 4PL Service Provider during office hours (07.00 a.m. to 06.00 p.m.) and the plant Planner.

An early warning system to detect delivery problems must be implemented by the supplier. Additionally, contingency plans as well as an effective crisis management must be in place and must be submitted on request. If disturbances occur with implications for the delivery date or delivery quantity, the supplier must initiate the necessary countermeasures. If it becomes evident that despite the initiated measures agreements or commitments cannot be met, the supplier must contact the 4PL Service Provider and the contact person of the respective Artifex Systems AB- plant unsolicited and immediately by e-mail and agree a recovery plan to ensure supply of goods.

Until there is a written approval of a new delivery date/ delivery quantity, the submitted delivery date/ delivery quantity remains binding.

Outside the timeframe agreed with the plant (or plant closures) an 'Emergency Point of contact with email and Mobile phone' must be in place.

On request, the supplier must additionally inform the respective Artifex Systems AB- plant about the following points:

1. Root cause of the supply problem

2. Production capacity for the backlog parts and underlying machine running times and working hours (hours per working day, working days per week)-
3. Alternative production options (basically in line with quality requirements of Artifex).
4. Possibility to split units/ part shipment-
5. Possibility of shortening the delivery time through special delivery
6. Information/ escalation within the organization of the supplier If no mutual solution can be found, the contact person must involve higher levels of hierarchy up to the top management of the supplier-
7. Emergency Transports which become necessary due to suppliers' fault, must be organized, and paid by the supplier once approved by plant Planner-

4 LOGISTICS REQUIREMENTS

A fundamental prerequisite for a supplier relationship to Artifex Systems AB- is the data transmission via EDI. The supplier shall use EDI to receive or to send information (e.g. delivery requests) to and from Artifex. Existing suppliers that have no EDI-connection to the Artifex Systems AB- will implement an EDI connection according to a schedule and process steps, which were coordinated with Artifex Systems AB. There are two types of EDI: classic EDI/ Web EDI.

4.1 Classic EDI

4.2 WebEDI

Where the supplier is unable to use Classic EDI they can use the "Web EDI Supplier Portal". WebEDI is an internet-based information system for suppliers to communicate with Artifex Systems AB- (e.g. in terms of low retrieval volumes or lack of infrastructure). It is an alternative to traditional EDI. EDI messages can be received, viewed, printed, recorded, and sent via forms using a web-browser. See Artifex Systems AB- WebEDI Supplier Portal:

5 COMMUNICATION

5.1 Call-off Order (Schedules)

Artifex Systems AB- call-offs (schedules) are "rolling" delivery schedules. The delivery requirements will be sent via the WebEDI Supplier Portal to the suppliers.

In exceptional cases, the calls are sent via email. However, the supplier commits himself to create an interface within 3 months of nomination. Suppliers in this process are on probation and can be de-sourced.

5.2 Call-off (schedule) Processing

- Transmitted via EDI, WebEDI (or e-mail)
- Displays the demand for each material number-
- The demand is shown daily, weekly, or monthly-
- Shows the last delivery, including date and delivery note number-
- Considers inventory differences, quantity and date changes of our customers, and other unplanned influences on material availability-
- Shows the current demand situation-
- Changes depend, among other, on customer demand, which is sent directly via EDI into the IT system of Artifex Systems AB.
- This is necessary so that we can directly respond to the needs of our customers and do not risk loss of time-
- The delivery date that is included in the delivery schedule, is the time of arrival at the respective Artifex Systems AB- plant.

5.3 Advances Shipping Notification (ASN)

Automatic Shipping Notification is required in general. This enables the Vendor Planners to ensure required material is en-route and plan the production of assemblies accordingly. The use of ASN also allows Artifex Systems AB- to operate the limited receiving deck capacity efficiently. Failure to use the ASN functionality will result in a manual booking at the point of receipt and will result in a reduction of the supplier' performance. It should also be noted that such reductions in performance will also result in penalties being applied through the **SQTS (Supplier Quality Tracking System)** process. The minimum charge is 290€ per failure plus the prevailing cost to Artifex Systems AB- in labour-minutes multiplied by the number of part numbers multiplied by 2. The reasoning being that when an ASN is not received, and to comply with QS14001 regulations, a manual process is invoked. This takes longer per part number to transact. The supplier will then be contacted by the Supply Analyst to obtain an ASN. When the ASN is received the manual booking must be reversed to enable the ASN to be confirmed. This enables the supplier to invoice correctly and avoids future account queries.

Additional to all parts shipped, the supplier must state on each ASN the shipment ID, plate number of truck and trailer loaded, time of finished all loading activities and hand over of related documents to driver.

5.4 **Delivery frequency**

The frequency delivery for each supplier will be determined and agreed between the Supplier, Artifex Systems AB- Purchasing and Artifex Systems AB- Supply chain.

A number of factors will be used in determining the frequency of supply regardless of the supplier location. Suppliers within a 500km radius from the plant will be required to deliver on a daily base upon request of Artifex Systems AB- Logistics Procurement or Artifex Systems AB- Supply chain.

5.5 **Delivery deck adherence**

Some Artifex Systems AB- locations operate a policy of time slotting on the delivery deck. This allows deck capacity management and efficient utilization of resources. Any delivery that arrives prior to the allotted time slot will be required to wait for the appropriate time before off-load can be completed. A delivery that arrives after the allotted time slot will be delayed until an appropriate period can be found to ensure the load is debarked accurately and safely. In any of these events the supplier will receive demerits via the SQTS process as previously described in the sub section ASN.

5.6 **Ramp-up and End-of-Life Phase**

Artifex Systems AB- expects the supplier to have a higher flexibility during ramp-up and end-of-life phase. For this purpose, capacity planning is required, to be able to deliver small quantities on time and in the correct volume. Capacity planning must be coordinated in time between the two parties.

6 **PACKAGING**

Damage-free delivery of parts of all kinds requires in many cases sophisticated transport packaging. In addition to that, optimal container and packaging design, standardized dimensions and pre-defined packaging density ensure an efficient, trouble-free material flow between suppliers, Artifex Systems AB- and its customers.

Irrespective of the pre-defined packaging (either Artifex Systems AB standard packaging or special packaging), the supplier is responsible to check regularly for cost reduction potentials. Potential savings must comply with the quality requirements. Cost reducing measures must be coordinated with Artifex Systems AB- and implemented as soon as possible.

6.1 Determination of Packaging

To fulfill the above requirements, it is necessary to define the standard and alternative packaging for each part. In principle, the standard packaging introduced by Artifex Systems AB- must be used.

After the presenting a packaging prototype or successful packaging test, done by the supplier, Artifex Systems AB- Quality and Supply chain departments will decide together with the supplier the final packaging definition. After release of the packaging by the respective plant, the EU1121 packaging data sheet will be returned with confirmation to the supplier. When a package is redefined or changed, the supplier must change the logistics data sheet and send it to the respective Artifex Systems AB- plant for approval. The change request is forwarded to the Artifex Systems AB- departments. The packaging data sheet is part of the order specification. Packaging costs will be agreed in detail between the supplier and the Commodity Buyer of Artifex Systems AB- and are part of the respective agreement.

The following must be considered regarding packaging agreements:

- Exact compliance with the packaging regulations
- Exact fill rate
- Compliance with weight tolerances
- Consultation in case of supply shortages

Process/Packaging variations caused by the supplier, not approved by the respective Artifex Systems AB- plant, will be charged to the supplier. Justified deviations (e.g. alternative packaging in launch phase, extraordinary quantities to maintain delivery commitments) must be approved by Artifex Systems AB- and an adapted EU1121 packaging data sheet needs to be presented. An alternative packaging container must be mentioned on the EU1121 packaging data sheet, besides the predefined serial packaging. A notification ("attention alternative packaging") must be put in the delivery note. In the event the supplier used alternative packaging without approval, waste disposal costs shall be charged to the supplier's account!

Artifex Systems AB- packaging approval does not discharge the supplier's responsibility for damage-free delivery of parts. The supplier is responsible for packaging maintenance and cleanliness. The packaging quantities are defined at the beginning of the supply relationship Artifex Systems AB- Supply chain and the supplier. The calculation packaging demand for each supplier is based on an item code number and takes account budget volumes, delivery frequency, and required transport time, advised by Artifex Systems AB

Disposable packages (one-way packaging) must meet following requirements:

- Clean and fit for purpose

- Ability to ensure a damage free handling by forklifts
- Protection against dust and moisture
- Low combustibility of the packaging material
- Easy removal of parts
- Environmental-friendly disposal

6.2 Non-approved Packaging Materials

- Composites
- Packaging chips
- Expanded polystyrene (Styrofoam)
- Paper and cardboard with water-insoluble coatings, and adhesives
- Wood (chipboard, coated and painted wood)

Any Expectation needs to be confirmed upfront and in writing between Supplier and Commodity Buyer.

Packaging generally needs to be selected under economic and environmental aspects. Artifex Systems AB- is certified according to IATF18001 and ISO 14001. The goals for waste management of the environmental legislation include:

Avoidance: i.e. restrict to the immediately necessary measure

Reduction: i.e. reuse through reusable packaging

It is a stated objective to use reusable packaging and to reduce the proportion of disposable packaging to a minimum.

The supplier binds himself to withdraw disposable packaging in case of need.

6.3 Reusable Packaging

6.3.1 Standard Returnable Packaging

Before the first delivery, the supplier must agree in writing with the relevant Artifex Systems AB- plant and responsible Commodity Buyer which packaging and dunnage is to be used.

6.3.2 **Special Returnable Packaging**

The use of special returnable packaging is only permitted if due to product requirements and no standard returnable packaging can be used. In any case, an approval by Artifex Systems AB- to use special returnable packaging is acquired.

6.3.3 **Standard One-way Package**

Cost for disposable packaging and its procurement are principally to be barred by the supplier. See catalog for standard disposable packaging of Artifex Systems AB.

6.4 **Empties Management**

The supplier independently conducts empty packaging accounts and coordinates account balances with the direct exchange partner.

6.5 **Packaging Supply**

In case the supplier fails to request or obtain the packaging timely, he must bear the additional costs (freight costs, repackaging costs) on his own. Reductions in performance will also result in penalties being applied through the **SQTS (Supplier Quality Tracking System)** process.

6.6 **Exchange of Empties**

Exchange of empties 1:1 or pool filling must be agreed with the relevant logistics department. The loading times are to be agreed binding with the assigned forwarder and supplier. Thereby, the timely delivery to the respective Artifex Systems AB- plant has top priority.

6.7 **Exchangeability EUR Pallets**

Euro flat pallet

The following defects indicate a non-exchangeable pallet.



A floor or deck-board edge is splintered off so much, more than one nail is visible.



A block is missing or is split so much, that more than one nail or screw is visible.

7 INBOUND LOGISTICS

Artifex Systems AB- goal is to reach a stock-free supply. Therefore Artifex Systems AB continuously implements “milk run” concepts which complement the classic transport operations via the regional forwarder.

Beside that Artifex Systems AB- implemented a Pan-European Transport network managed by a 4PL partner, acting on behalf of all Artifex Systems AB- plants. Irrespective of the transport concept it is mandatory, that the supplier, Artifex Systems AB plant, and carrier/forwarder agree on time windows for pick-up and delivery. Artifex Systems AB- the right to define those in case no joint agreement can be found.

The supplier is requested to quote for Incoterms [DAP].

Artifex Systems AB- has the right to proof the transport costs within DAP price agreement for nominated suppliers and can change the incoterms into [DAP] at any time.

In the standard transport process, Artifex Systems AB- uses the Incoterms [DAP] for supplying its plants. This applies, if not otherwise agreed in the purchase agreements. In exceptional cases Artifex Systems AB- uses Incoterms DAP.

7.1 Shipping Processing

The last transmitted delivery schedule is the basis for the shipping process. The requested quantity must be provided on-time and in the correct amount at the delivery date.

The delivery must include:

- Delivery note/ waybill (accompanying the goods)
- Artifex Systems AB- material and order number on shipping documents and VDA goods tag-

- Approved packaging according to the EU1121 packaging data sheet approved by Artifex Systems AB.
- Clean and intact container fit for purpose-
- The marking of containers according to the VDA goods tag

7.2 **Over-Shipment**

Artifex Systems AB has the right to refuse goods receipt when being over shipped and send it back to the supplier at the supplier's expenses.

7.3 **Cargo Handling**

In terms of "FCA"-delivery and shipments weighing over 25 kg, the 4 PL Logistics Service Provider is to be assigned (unless no alternative agreement was made with the respective Artifex Systems AB- plants).

The supplier notifies independently and in a timely manner new shipments to the relevant 4PL according to the 4PL booking procedures, considering the adherence of the timed delivery at the unloading point of the respective Artifex Systems AB- plant.

The forms necessary for registration must be obtained by the 4PL Logistic Service Provider the use of which is obligatory.

7.4 **General Shipping Instructions**

The cargo handover to the carrier must be timely, so that the goods can be delivered on the agreed delivery date. Part shipments are only allowed, if they were predefined in the order by the Artifex Systems AB, or with the 4PL Service Provider, and agreed with the responsible plant Supply chain prior to shop. Transport insurance is covered by Artifex Systems AB. Artifex Systems AB- is a waiver customer. Additional costs and damages resulting from failure to consider the shipping instructions of the Artifex Systems AB- shall be borne by the supplier and will be charged back from the respective Artifex Systems AB plant. Concerning forwarding shipments, the given address specified in the purchase order will apply.

7.5 **Transports**

For "FCA"-suppliers the following agreement applies:

The responsibility for transportation (including transport of empties) falls to Artifex, unless alternative agreements have been made. Transfer of risk and performance takes place after handover of charge carrier documents and freight documents to the authorized carrier is completed. This agreement applies, provided that no other agreement has been reached.

The supplier is running his production and therefore Artifex Systems AB expects the supplier to book the ordered goods for pick up at named address according to 4PL booking process.

7.6 **Product Labeling and Shipping Documentation**

The container-/ cargo carrier identification must take place by goods label, which include barcodes according to VDA 4902. The label needs to be filled out and is to be positioned on the containers in a way, that in case of multiple stacking as well as deliveries of multiple packaging units the labels are visible and on the same side. For all returnable packaging the supplier must ensure all old labels are removed.

Small load carrier or sub-packaging are to be marked with labels, which are inserted in the appropriate pockets (no gluing or writing on the SLC's).

Parcel Shipments, booked at the 4PL Service Provider needs to be attached with the labels received with the booking confirmation by the 4PL Service Provider.

Mixed pallets are only allowed when approved in writing by plant Supply chain manager.

The shipping documentation consists of shipping note (for EDI: EDI-accompanying document according to VDA), bill of lading, and if required all documents necessary for customs clearance. The goods must be accompanied by the shipping documents, which are to be delivered to the goods receipt.

The MINIMUM information on a label must be Artifex Systems AB- Scheduled Part Number, Artifex Systems AB- Description, and Quantity per individual container/box, date of manufacture, ASN number and date of dispatch. Any deviation will follow the SQTS process.

7.7 **Stipulated Documents**

7.7.1 **Mandatory Information Delivery Note**

- Address of the buyer
- Shipping address, if different from order address
- Delivery note number
- Delivery note date
- Name and address of the sender
- Artifex Systems AB- supplier number
- Artifex Systems AB- order number with transmission number

- Material number of the delivered material
- Material description
- Quantity delivered, stating the quantity unit
- Shipping method
- Declaration of the freight forwarder
- Shipping conditions
- Number and type of packaging container
- Gross / net weight of delivered goods

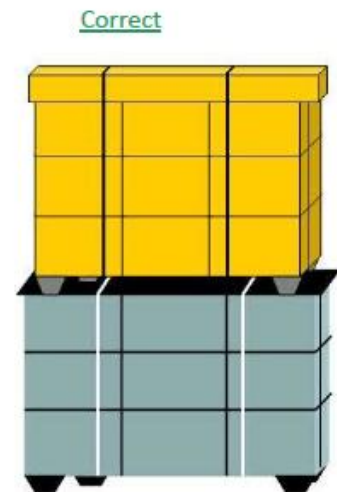
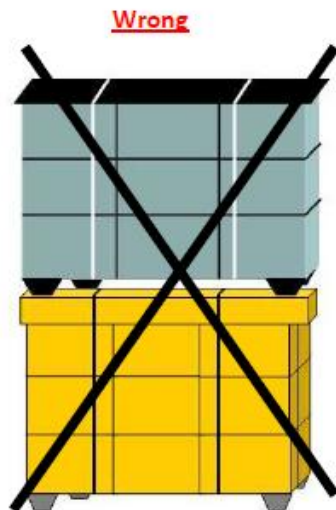
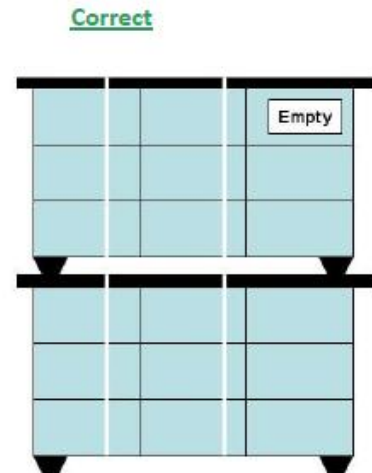
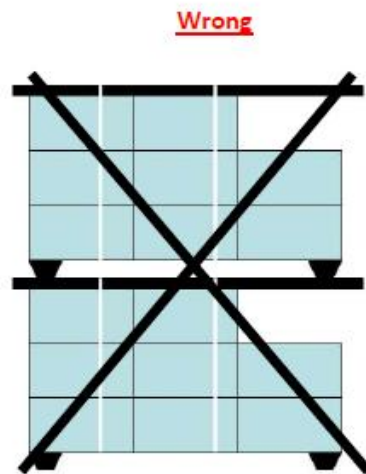
7.7.2 Mandatory Information Shipping Order according to VDA 4922

- Address of the shipper
- Supplier number at Artifex Systems AB
- Shipping order number
- Loading point
- Date of dispatch
- Name and address of the forwarder
- Name and address of the consignee — e.g. respective Artifex Systems AB plant
- Exact description of the unloading point (hall number or gate)
- Necessary notes for the cargo handling, e.g. special transportation, target date goods
- Probable arriving date of goods
- Endorsement of delivery note number, commission number or order number
- Number of packaging units
- Naming of the transport containers
- Name of goods or material

- Weight of loading equipment
- Gross weight per freight position
- Total weight of loading equipment
- Total weight of shipment
- Classification of dangerous goods (only if dangerous goods)
- Description of dangerous goods (only if dangerous goods)
- Enclosures, number, and description of the documents accompanying the shipments
- Shipping method (for example by forwarding)
- Receipt of the consignee
- Confirmation of the driver/ forwarder
- The shipment contains..., of which changed..., Comparison Euro-flat-pallets and Euro-grid pallet

7.8 Provisions and Shipping

The volumes must be provided as shown in the schedule and in correct quantity, irrespective of legal and religious holidays as well as country-specific restrictions. Between the responsible company and the responsible transport service provider a timeframe for delivery will be agreed (within the receiving times of goods), which is in accordance with the agreed terms of delivery. In case of failing to comply with the required timeframes, possible follow-up costs will be charged as extra expenditure to the cost-by-cause principle. The quantities declared are to be packed according to the packaging requirements for transport, to be loaded on to suitable vehicles, and to be loaded safe for transport, to be stowed and to be fixed by the sender.



7.9 **Disturbance in Transportation**

For FCA Supplies, disorders e.g. postponement of the loading window, are to be reported immediately to the Control Tower of the 4PL Service Provider. DAP deliveries are to be reported to the respective analysts at the Artifex Systems AB- plant and to the forwarder, stating the reason and the type of disruption. Costs caused by the disturbance will be charged according to the principle of causation.

7.10 **Special Transports/Exception Rates**

Special transports at the expense of Artifex Systems AB- are always to be agreed with the responsible Supply chain manager, or material scheduler at the Artifex Systems AB- plant. A written approval must be obtained. Wherein it must be explained, which terms of delivery/

means of transport must be used. Costs for special transports are charged back according to the principle of causation.

7.11 Return of Rejected Goods

Rejected goods not being picked up within five working days, will be prompted to the supplier at supplier's cost. Alternatively, Artifex Systems AB- reserves the option to dispose at supplier's expenses.

7.12 Shipping of Dangerous Goods

The regulations for the transport of dangerous goods must be obeyed. The supplier is liable for all damages, resulting to a failure to observe the legal regulations. The supplier as the introducer of dangerous goods is responsible for the classification of dangerous goods, the allowed mode of transport and transport permission. The shipper, as the sender, must consider the provisions of Dangerous Goods Regulations. For transportation there are to be used exclusively type-tested, officially approved packaging. Additionally, the packaging must be approved by Artifex Systems AB. Furthermore, the proper identification of the packaging must be guaranteed. On FCA terms, dangerous goods must be filed during booking process at the 4PL Service provider.

8 CUSTOMS

8.1 EU-Suppliers

Artifex Systems AB, all EU-Suppliers are obliged to provide shipping documentation for any goods being shipped or sold to an Artifex Systems AB- location. This must include, at a

Artifex Systems AB- does not accept either liability for import duties and taxes or act as Swedish importer of records for goods supplied under DDP terms.

8.2 Third Country (Non-EU) Suppliers

Artifex Systems AB- all non-EU Suppliers are obliged to provide shipping documentation for any goods being shipped or sold to an Artifex Systems AB- location. This must include, at a minimum, packing list, commercial/proforma invoice (as appropriate) and Export Customs entry, to facilitate movement of goods from the Origin Country to Sweden.

For shipments where Artifex Systems AB- is responsible for import customs clearance into Sweden, shipping documents should be sent to the Artifex Systems AB- receiving location as well as to Artifex Systems AB- nominated customs broker. Any process disruption or production disruption cost and/or any Customs penalties based on incorrect or incomplete documents shall be fully debited against the supplier. Any transport cost or customs declaration cost for returned goods shall be the responsibility of the supplier.

DDP Suppliers must have a EU or Swedish registered entity or representative to act as importer of record to Sweden. Artifex Systems AB- will not accept either liability for import duties and taxes or act as Sweden- importer of records for goods supplied under DDP terms.

8.3 **Domestic (Swedish) Suppliers**

For shipments supplied directly to an Artifex Systems AB- facility in Sweden from a Sweden based supplier, it is expected that shipments will be delivered in Customs Free Circulation, i.e. no import or Bonded Warehouse declaration to Customs will be required on behalf of Artifex Systems AB.

Suppliers shall supply Long Term Supplier Declarations if requested by Artifex Systems AB to facilitate further movement within the supply chain.
