FOXCONN
HON HAI TECHNOLOGY GROUP

SUPPLIER LOGISTICS MANUAL

FSKLOG001_01

LOGISTICS

Document history

Version	Date of modification	Description of change
1.0	31.03.2025	Initial release

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Introduction

Foxconn Slovakia, part of Foxconn Technology Group — the world's largest electronics manufacturer — is a producer of electrical products for leading global brands. Leveraging automated production processes, including top SMT technology, Foxconn Slovakia's production portfolio encompasses both the final assembly of consumer electronics and the production of printed circuit boards. These high-quality components are integral to a wide range of applications, notably in the consumer electronics and automotive sectors.

Purpose of the document is to settle and explain Foxconn Slovakia´s requirements for suppliers.

For easier readability, this manual uses the short terms "Supplier" and "Foxconn" or "FSK".

Foxconn expects quality from its suppliers for all aspects of cooperation. To support the implementation of a shared quality strategy in the spirit of partnership, quality and technical requirements have been defined based on the state of the art within the relevant specialized field.

The information contained in this document is provided for informational purposes. The points explained herein shall not impose any restrictions on any referenced law or regulation, existing or future legal requirements, applicable contracts or on any other requirements or obligations agreed upon between Supplier and Foxconn.

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SLOVAKIA

Foreword

At Foxconn Slovakia, henceforth referred to as "FSK," we are dedicated to manufacturing high-quality products in a safe working environment, while continuously increasing manufacturing efficiency.

Accordingly, we actively seek collaboration with partners who demonstrate a high level of operational excellence, prioritize safety, and deliver products and services with a comparable commitment to quality and cost-effectiveness.

We recognize the vital role suppliers play in our success, and therefore, we strive to cultivate strong and mutually beneficial business partnerships with all the vendors that we cooperate with.

1 Scope

1.1 The Goal of this Manual is to

a) provide in a structured form the logistics requirements regarding supplies of goods to FSK

b) bring clarity and transparency in the mutual cooperation through common understanding of logistics processes

Supplier providing goods to FSK is obliged to comply with the provisions of this manual and to meet all applicable logistics requirements included herein. Supplier is responsible for the development, documentation, implementation and maintenance of its processes in order to meet the requirements of this manual. Supplier is responsible for the quality of its products and for ensuring compliance with the requirements and rules set out in this supplier manual.

Non-compliance to this manual's provisions is considered a logistics non-performance and results in material breach of any agreement between FSK and supplier to which it may apply.

1.1.1 This Manual applies to

a) all suppliers cooperating with FSK, all suppliers delivering products and services to FSK

b) all logistics processes regarding FSK with the exceptions expressly indicated below in this clause

After prior agreement between the FSK and supplier. Outside the scope of this manual there can be below logistics processes after alignment with FSK :

I. during prototyping

II. pilot build

III. during initial samples built-up

Additional requirements may be imposed based on specific projects or individual needs of our customers.

This document becomes effective from the date of its release and is applicable to both new and existing suppliers. The guideline remains valid indefinitely until it is superseded or revised by FSK. FSK reserves the right to audit the supplier based on the requirements described within, in addition to requirements described in VDA 6.3 and IATF 16949.

The following documents constitute the integral part of this Supplier Logistics Manual and are incorporated

herein by reference (hereinafter: the "Manual"):

1) General Purchasing Conditions,
2) Supplier Quality Guideline,
3) Supplier Packaging Standard (PCB)
4) 8D Supplier Guideline,
5) QCDS Evaluation Guideline for Vendors,
6) All other FSK policies, guidelines, manuals referred to in this manual.

1.2 Communication and Contact

With regards to the notices and communication needed related to logistics processes included in this manual, supplier should address in writing (e-mail included) at least three of the FSK contact persons in the respective FSK plant, followed-up with phone communication to at least one of those contacts (in accordance with the approved communication matrix between the supplier and the FSK).

Questions and inquiries regarding delivery dates, current delivery situations and the location of goods in transit must be answered by the supplier as soon as possible, not later than within 24 hours, unless a different timeframe is agreed in writing with FSK 's material specialist in charge.

For the handling of purchase orders and deliveries, the permanent contact persons of FSK and supplier and their substitutes shall be named in writing. Such contact persons must be able to make decisions individually, competently, reliably and in a timely manner considering the circumstances.

Supplier is required to provide FSK with all contact details including names, e-mail addresses and phone numbers for all people involved in supply chain process, along with a telephone number to use in emergencies

Both Parties will communicate in English, unless both parties share a common language. Supplier and FSK may also agree on using the language of the FSK plant supplied. However, written communication must always be in English, in the case of local suppliers, as agreed and required.

FSK and Supplier will:

- notify each other in writing about any changes regarding contact persons list, immediately after the change occurred and
- update and provide each other with the up-to-date contact list.

It is Supplier's responsibility to organize the necessary internal structure to respond effectively to the communication flows set herein.

2 Delivery Conditions

FSK and Supplier agree on the following:

a) Agreements between FSK and supplier, in particular sourcing nomination letters and framework agreements, shall incorporate definitions in line with The International Chamber of Commerce Incoterms 2020, including subsequent updates (hereinafter: "Incoterms"),

b) The Incoterms rules, will apply by agreement between FSK and the supplier during the RFQ phase of the each project, unless otherwise agreed in writing.

c) Supplier's specific obligations regarding deliveries shall be governed by separate agreements,

d) Unless stated otherwise, Supplier is obliged to:

- Accept that minimum shipment size is package size or less from first shipment to FSK premises.
- monitor pick-up and dispatch,
- for transportation organized by FSK-communicate at least 24 hours prior to the pick- up the following information: quantity of bulks, dimensions, weight per bulk.
- notify FSK when the pick-up or dispatch does not occur according to the agreed schedule, in particular as per orders call-offs or any other official communication based on which the order has been organized.

FSK monitors and measures supplier's delivery performance continuously and shares its results with supplier.

In case of delivery underperformance (i.e. any non-compliance with this manual or other agreement between FSK and Supplier such as, but not limited to, lack of required notification, delivery outside of the agreed timeframe, discrepancies in quantity), supplier shall analyze such failure by resorting to the following documents as per the standard formats applied by the automotive industry, including QRQC, PDCA, 5why, 8D. In case of non – automotive industry, requirements and scope will be defined and agreed by FSK quality representative. Additionally, supplier shall elaborate and provide FSK without undue delay with an action plan to converge towards full compliance with the requirements of this manual and other written agreements between FSK and supplier within the deadline agreed upon with FSK.

Supplier shall provide FSK with an Advanced Shipment Notification ("ASN") at the moment of dispatch of goods from supplier's plant or other agreed location.

In the event that according to Incoterms rules the carrier is set under responsibility of supplier, supplier guarantees based on a written agreement with the carrier that the carrier meets FSK carrier standards, as provided by FSK.

2.1 EDI and ASN Delivery Information

In accordance with IATF 16949 requirements, suppliers are required to ensure receipt of planning & shipping releases from FSK or its subcontractors via EDI. Suppliers also have to send ASNs electronically at the time of shipment. In the case of suppliers who are unable to meet this standard flow of data, another method of data communication may be agreed and applied between supplier and FSK.

The logic flow of data shall be as follows:

FSK shall provide delivery schedules through EDI Delins. Supplier's IT systems must be capable of receiving, processing and generating the necessary logistics messages;

supplier shall send ASN to the FSK receiving plant within 1 hour after departure of the truck.

Shortage management:

In the event of exceptional shortage of parts from supplier, FSK may suspend standard logic flow of data and resort to alternative means of supply priorization. Under those circumstances, and conditional to prior written acceptance by FSK, supplier may be excused from delivery ASN, being automatically released from the penalties mentioned above.

The shortage management system constitutes of the following:

- Excel file concerning PSI / priority list / which will be kept only for critical situation e.g. quality issues, shortages, capacity issues;

- Excel file schedule will be temporarily used instead of EDI transmission in case of misalignment of the two systems (PN levels, IT issues, other).

2.2 Minimum Order Quantities

Minimum order quantities may be set up only after prior agreement between the FSK and supplier. Minimum order quantities will be subject of agreement between FSK and the supplier during the RFQ phase of the each project, unless otherwise agreed in writing. MOQ will be apply for serial deliveries and can be adjusted, if necessary, during the lifetime of the project with the agreement of both parties.

2.3 Flexibility and Capacity Management

The regulations defined in the Supply Contract shall apply. Before the nomination, the supplier must guarantee sufficient capacity to ensure coverage of the demands (quantities) resulting from the project during whole life time. If requested by FSK, suppliers enters its production capacities in a capacity-management-tool (capacity data sheet) provided by FSK.

In case of a short fall under the requested quantities, supplier ensures a deviation-management to comply with short-, mid- and long-term delivery capacity.

2.4 Ramp - up and Phase - out Control

FSK expects increased flexibility from supplier in the ramp-up and phase-out phases. The ramp-up and phase-out quantities and dates must be agreed between FSK and supplier on time via separate purchasing orders or delivery schedules (EDI). The delivery concept variant shall be discussed and, if necessary, adapted based on the requirements of the given situation.

3 Logistics Claim and Supplementary Delivery

Logistics non-conformity is considered as any deviation to FSK requirements regarding time, quantity, documentation, packaging or labeling as per the following non-exhaustive list:

- **Quantity** – actual delivered quantity deviates from requested quantity in current schedule;
- **Date** – actual delivery date deviates from requested delivery date in current schedule;

- **Document** – discrepancy in quantity between physical delivery and delivery documents or discrepancy between part numbers in physical delivery and documents /or both/ or missing documents
- **Labeling** – missing label on packaging unit or wrong label or wrong information on label understood as discrepancy between physical content of packaging (in quantity and type) and label info;
- **Missing ASN** or incorrect information sent in ASN;
- **Packaging** – packaging not according to approved packaging data sheet (unless earlier accepted alternative packaging), dirty or damaged packaging.

For the above mentioned cases, supplier will be notified in a way of a logistics claim made in a form designated by FSK. Number and nature of claims shall be taken into account when assessing supplier's performance.

FSK reserves the right to charge to the Supplier one-time fee for issuing a logistics claim. Is set at the amount 200 € for each report prepared in connection with an acknowledged complaint. In case of further necessary actions as checking product damage due to damaged packaging, sorting of parts and other procedures related to the quality of parts, next steps will be further solved as part of a quality complaint in cooperation with FSK SQD representative.

For additional details, see and follow FSK documents **Supplier Quality Guideline** and **8D Supplier Guideline**.

Upon reception of a logistics claim, supplier shall:

- take immediate action, in agreement with FSK, in order to limit disruption of supply chain, including eventual supplementary delivery;
- perform a root cause analysis and implement actions to prevent reoccurrence prior to the next delivery;
- provide an action plan under the conditions specified in the FSK document **8D Supplier Guideline**;

- upon FSK request, update Contingency Plan in order to guarantee timely delivery to FSK.

FSK requires supplier to use 8D report as the problem-solving tool. 8D report shall be provided to FSK under the conditions specified in the section Complaint Management (FSK document **Supplier Quality Guideline**).

Supplier shall be liable for any costs incurred by FSK as a consequence of the logistics non-conformity as set out above. Said costs include without limitation to: production stoppages, retrofit, administration workload, production adjustment, order placed with a third party and FSK customer penalties.

Upon submission of a cost recovery claim by FSK, supplier shall answer within 5 (five) working days. Supplier is entitled to obtain sufficient evidence as to the cost driver and shall request additional information within 5 (five) working days. Should supplier fail to react within 5 (five) working days, the claim is deemed accepted.

Supplementary delivery arising out of supplier underperformance is considered as premium freight (special transport).

4 Special Transports / Premium Freights

Premium freight (also called as special freight or special transport) is used when the standard method of transportation defined for a given route cannot be applied. Regardless of the root cause of the necessity to seek alternative method of transportation, Supplier shall – to the highest extent possible – cooperate with FSK for the successful execution of such a transport.

Every premium freight caused by supplier is recorded by FSK and will be included into the supplier assessment.

a) The costs of premium freight are borne by the party responsible for the process disturbance, in line with the causation principle. In particular, the costs of premium freight are to be borne by:

FSK – in case of changes in planning, decreasing lead-time, sudden demand increase due to the reasons attributable to FSK. FSK organizes premium freight itself or allow

supplier to organize it but a written declaration of costs must be provided and approved by FSK in such case in advance.

Supplier – in case of not meeting FSK requirements in respect to:

- On-time delivery according to agreed schedule, including the event of non-performance of supplier's sub-supplier for whatever reason
- Delivery conditions
- Logistics claim
- Forwarders failure under supplier supervision (depending on incoterm applied)
- Quality hold or rejects

b) The general rule for premium freight cost assignment is the direct responsibility for the underlying cause of the premium freight need

c) Organization of the premium freight:

It shall remain at FSK discretion the decision of how the premium freight shall be organized. In the event of supplier responsibility for the underlying cause, FSK may delegate to supplier the organization of such freight. Should FSK decide to retain the responsibility for the freight organization, supplier shall receive prior notice of the costs that FSK will charge back and deduct from outstanding payables.

5 Complaint Management

The supplier shall ensure that its supplied goods are free from defects and its services align with FSK expectations. In the event that purchased materials, products, packaging, or services fail to meet the agreed requirements, the supplier is promptly informed through a written complaint and is expected to utilize the 8D problem-solving methodology to address any such issues.

The supplier must immediately notify FSK and other involved parties in the supply chain upon identifying any potential safety, quality, or delivery issues.

For additional details, see and follow FSK documents **Supplier Quality Guideline** and **QCDS Evaluation Guideline for Vendors**.

6 Contingency & Back - Up Plan

The supplier must have contingency plans and procedures in place to effectively manage unforeseen emergencies or crises. These may include equipment failures; power outages, flooding or other natural disasters, labour shortages, logistics disruptions, strikes (both internal or affecting sub-suppliers) or any other events that could disrupt product deliveries. In the event of such an emergency, the supplier shall inform FSK immediately and grant access to tools belonging to FSK or their replacements.

The supplier shall develop a contingency plan for each manufacturing and shipping location that could potentially be impacted by an emergency event, affecting the product flow to FSK.

The supplier shall review and update each contingency plan at least once a year. Contingency plans shall include comprehensive testing of the recovery actions and address potential deficiencies or shortages in components or raw materials. Any change concerning contingency plans shall be documented and subjected to the change management process.

Suppliers are required to have all the resources necessary (manpower, property, facilities, equipment, working capital and materials) to supply the products required by FSK production schedule in normal agreed business cycle.

Supplier is responsible for maintaining a pro-active approach to potential disruption of production and deliveries, anticipating such events and creating back-up plans (Disaster Recovery Plan – DRP) with preventive and curative actions and make it available to FSK.

Supplier DRP shall cover the following events:

- Industrial actions and strikes,
- Fire, floods and construction disaster affecting normal functionality of supplier's plant and operations
- Transport constraints
- Serious disruption of supplier's own supply chain
- Critical machine or line breakdown

Supplier shall not request supplementary costs to FSK on any of the situations listed above.

7 Supplier Evaluation during series Production

During series production, FSK conducts evaluations of its suppliers to assess their performance. Suppliers are evaluated in several categories including quality, cost, delivery, and services.

For additional details, see and follow FSK documents **Supplier Quality Guideline** and **QCDS Evaluation Guideline for Vendors**.

8 Safety Stock

In order to meet customers' requirements and to secure deliveries from any disruption factors (including, but without limitation to break-downs, underperformance of production, quality issue or material delivery in own supply chain). Unless otherwise agreed at the beginning of the project between the supplier and FSK, every participant of

supply chain is obliged to keep safety stock of 1-week (5 Days on Hand = DOH) of finished goods and at least 1-week safety stock of raw materials.

GENERAL RULE:

Details of the safety stock level will be agreed in a separate document by respective logistics' departments of FSK and supplier, however the following general rules regarding safety stock of finished goods shall be applied by FSK suppliers:

Supplier is responsible for calculating, producing and maintaining the safety stock above the forecasts provided by FSK. Safety stock is maintained by the VMI model, unless another model is required by FSK. When order fluctuations are covered by supplier from the safety stock and replenishment of the safety stock requires more than a week, supplier should inform FSK and present the best scenario for replenishment.

For specific cases FSK and supplier can agree otherwise, however the conditions below must be respected by the supplier:

- Maintain at their premises the safety stock (part numbers and quantities specified in respective arrangements) and inform FSK when the stock has been established.

- Provide FSK with regular reports on the existing safety stock either when prompted or according to a pre-defined schedule.

- Apply the FIFO rule for the safety stock.

- In any eventual understock situation, provide an action plan with detailed schedule and quantities for replenishment of safety stock.

In case of a production stoppage directly linked to insufficient safety stock coverage for the missing items, FSK shall charge supplier for the incurred costs, except when such insufficient coverage results from short-term variations of demand above the capacity of replenishment by supplier.

In case of emergency requirements that may take place out of the standard working hours, supplier will enable the collection of the goods anytime as per FSK requirements. For this reason, supplier will define a key contact (available for 365 days and 24 hours by phone number and email) for logistics issues in emergency contact sheet. The key contact has to be in a position to make decisions in the event of emergencies.

9 Ordering Process

9.1 Planning

FSK shall provide weekly forecasts through EDI (unless agreed otherwise with supplier) for future deliveries.

Deliveries shall match the firm orders placed by FSK via EDI, except if otherwise prompted in a written form by the Supply Chain Management teams of FSK particularly during shortage management.

The above rules may be modified by a written agreement between FSK and supplier, in particular in case they need to be aligned with customer requirements.

9.2 Compliance with Orders

Upon reception of the delivery forecast and/or orders, should the Supplier oppose to the quantities requested, supplier shall present FSK with a written refusal within 2 working days.

9.3 The Responsibility of The Extra - Costs

Cost of premium freight (special transport), overtime or any other costs and expense, including penalties FSK is obliged to pay to its customers resulting from backorders in supplier's responsibility shall be covered by supplier.

9.4 Communication for Demands Exceeding Weekly CPV or Max. Weekly CPV

Demand exceeding respectively weekly capacity planning volume (CPV) or maximum weekly CPV must give raise to a communication by the supplier to FSK outlining possible solutions (if any) within 48 working hours of receiving the conflicting forecast from FSK.

In the event that no communication to FSK is provided by the supplier within 48 hours after reception of the EDI, the demand shall be considered accepted.

10 Reception Control

10.1 Delivery of Finished Goods

FSK shall control deliveries upon arrival at FSK plant premises. Truck loads shall be in line with the previously provided ASN and the goods shall be packed respecting the packaging, labeling and loading standards.

In case of deviations to the above requirements, a logistics incident shall be issued by FSK and damages and administrative fees shall be charged to supplier.

10.2 Delivery Schedules

Suppliers must respect delivery windows per the instructions received from FSK. Both late and early deliveries are deemed as logistics incidents and shall penalize supplier's logistics performance.

10.3 Change Management & Liabilities

- Design changes shall respect the ECN (Engineering Change Notice) issued by FSK
- The Supplier shall submit change management with a detailed timeline together with a confirmed feasibility study and all necessary documentation that will be affected by the change.
- Supplier shall communicate to FSK any obsolence risks as a result of the ECN
- FSK shall take charge of obsolete materials of proven FSK responsibility, according to delivery schedules evolution, valued at cost and upon physical count.
- FSK reserves the right to request delivery of obsolete parts to the FSK plant concerned by the ECN
- Supplier shall inform by email FSK logistics department of the expected date of the first deliveries of a new engineering level
- Containers with the first deliveries of a new engineering level must be specially and visibly marked (according to the agreement with FSK SQD representative) in addition to the normal labelling.

10.4 On - Time - Delivery (OTD)

On-Time-Delivery (OTD) measurement at FSK is based on the applicable Incoterms in relation to the respective sphere of influence of supplier:

For **Free Carrier (FCA)**: Dispatch date and quantity according to the call-off compared to the dispatch date and quantity according to the ASN.

For **Delivered At Place (DAP) and Delivery Duty Paid (DDP)**: Arrival date and quantity according to the call-off compared to the actual date and quantity of the goods received posting.

Deviating regulations may apply for non-automotive Industry and Service organizational units.

10.5 Transport Documents

10.5.1 Delivery Note

Supplier shall create the delivery note with the unique delivery note number. The delivery note shall contain, at minimum, the following information:

- Supplier name and sender address
- Supplier number as assigned (if it exists)
- Recipient address
- FSK part number (PN)
- Total quantity of PN
- Number and type of packaging
- Number of exchange pallets
- Delivery note number (if possible delivery note number also printed as a barcode on the delivery note)
- FSK order number or call-off number including item line
- Package number
- Batch number and, where applicable, shelf life expiration date
- Clear description of the goods and HS Code, if the shipment crosses customs borders (third countries)

- Specification of kind (e.g. boxes, pallets) and material composition of the packaging material (e.g. wooden pallet, plastic pallet), if shipment crosses customs borders (third countries), that in case of usage of wooden packaging material.

In addition to the delivery note, supplier normally provides logistics service provider (LSP) with the following information to record the shipments: transport (shipping) documents and customs documents.

10.5.2 Transport (shipping) Documents

Waybill / CMR according to applicable standards and possible agreements with the FSK plant supplied.

10.5.3 Customs Documents

Supplier shall provide LSP with all documents necessary for customs clearance, i.e. for export in the country of origin, for transit if applicable, and for import in the destination country, in a permitted form (electronic or in paper form, copies or originals, signed or not signed) and at the correct time.

10.5.4 Required Customs Clearance Documents include in particular

- Export declaration
- Transit declaration
- Commercial invoice
- Proforma Invoice
- Packing list
- Packing declaration

- Certificate of non-preferential origin or proof of preferential origin
- HS-Code

In case of container transports via sea freight the documents shall be sent in advance.

Document forms and resulting details required regionally shall be coordinated and agreed with the FSK plant supplied.

11 Packaging

11.1 Responsibility for Packaging Design

The packaging concept (for outer, inner and alternative packaging) shall be defined at an early stage during the development phase - in coordination and agreement between FSK and supplier. FSK decides in accordance with the awarded business about the responsibility for packaging design and the ownership of returnables.

In case of one-way packaging supplier shall procure the approved packaging (containing also all packaging aids needed) at its own costs. Generally, FSK covers the cost of the packaging by way of the product price. The packaging costs shall be itemized separately in the quotation. The design of the packaging cannot be changed without written agreement from the FSK representative of engineers.

Prior to FSK approval, only if the FSK will require, the packaging must be adequately tested (in accordance with ISTA test procedure 3E or equivalent / similar test procedures). The scope and method of testing will be determined by mutual agreement between the supplier and FSK representative.

Alternative packaging solutions may be used in exceptional cases, but only in coordination and agreement with FSK.

11.2 Packaging Design Criteria

In general, the packaging for shipments between FSK and supplier shall be designed on the basis of economic, quality and environmental criteria. The packaging concept proposed by supplier is subject to approval by the FSK-contact prior to the first serial delivery.

SUPPLIER – in case supplier is responsible for the packaging design – shall design the packaging concept and quality such as to ensure product integrity during transport, transshipment, and storage. The packaging itself shall not pose any hazard to people or the environment.

Requirements on packaging design and design acc. to the **HAR^{3}ID** (optimize Handling, Avoid, Reduce, Reuse, Recycle, Increase efficiency, Data) principles.

Optimized **H**andling

- Easy handling of packaging during opening and closing, and for repacking operations.

- Loading units may not have any protruding or jutting labels or strips; cardboard boxes must be dimensionally stable and have correctly folded cover flaps.

- Mixed pallets are permitted but require prior agreement with FSK and must be clearly labeled as mixed pallets. Posting and non-mixed storage must be possible.

- International symbols shall be used to label goods that are subject to special handling.

- The gross weight limit for the manual handled packaging is 15 kg maximum. Regional legal requirements need to be considered.

Avoid

- Avoid (multi-) colored and printed packaging (unless legal or customer requirements available).

- Avoid single use packaging whenever possible and not beneficial for the environment over its entire lifecycle.

- Avoid composites and prefer mono materials.

- Avoid empty space in packaging and use of excessive filling material.

- Avoid third-party labels (e.g. forwarder labels, supplier internal labels).

- Avoid loose or overhanging / protruding labels / straps.

- Avoid covering of labels by straps or edge protection.

R^{3} Reduce, Reuse, Recycle

- Reduce the variety of packaging materials to pack one product.

- Reduce the weight of packaging and make use of recycled materials without affecting the functional packaging requirements. Consider lightweight alternatives

- Reuse packaging and packaging materials whenever possible and reasonable.

- To Contribute a Circular Economy a Packaging must:

  - be suitable for recycling in the country it's being shipped to.
  - be designed in a way that it can be separated easily (without any tools and significant time effort) in its respective individual material at the End of Life (e.g. avoid glued packaging, reinforcement of corrugated boxes with wood.
  - follow the waste management legal requirements (marking/recycling codes, sorting possibilities, effective recycling).

Increase efficiency

- in principle, all packaging shall be designed as stackable (on top load minimum as weight of bottom load carrier).

- Increasing packaging density in all packaging units, reduce empty space and maximize volume utilization according to all means of transportation.

Data

- All required data to fulfill legal or efficiency requirements need to be provided by supplier.

11.3 Packaging Prototype

Following packaging agreement, supplier shall order a packaging prototype as agreed between FSK and supplier and present it to FSK supply chain management for validation. No additional order will be placed by FSK for packaging validation purposes after supplier's nomination.

11.4 Pre - Series Packaging

Once the packaging prototype is validated, the packaging specifications shall be updated (if applicable) and signed by FSK and the Supplier. Subsequently, supplier shall order a packaging pre-series which are to be used during Run-at-Rate process and for the purpose of shipping the goods to FSK for the internal mass production trial.

11.5 Series Packaging

During mass production trial, the packaging will be used in the standard conditions of serial production. If no issue is reported, series packaging order shall be placed by the supplier so that supplier has the full packaging loop (including safety inventory) in place early enough before Start Of Production (hereinafter: "SOP") date to support all shipments with the final agreed packaging. As of Run-at-Rate process, supplier is obliged to have enough packaging in order to ensure production under the serial conditions.

11.6 Investment Principles

- As a general rule, the Supplier is responsible to invest in the new packaging required. Packaging cost will be covered by the supplier by means of amortization in piece price, unless otherwise agreed by FSK and the supplier in writing.

- Maintenance of returnable packaging must be performed by supplier without any additional remuneration from FSK.

- At any time FSK may decide to take ownership of the outstanding packaging inventory by paying the agreed amount to the supplier. The price to be paid shall reflect the actual quantities that supplier delivers.

- Supplier shall perform inventory count on request.

11.7 Packaging Data Sheet and Packaging approval Process

The FSK Packaging Data Sheet (PDS) is the agreement about packaging concept between FSK and supplier. Packaging Data Sheet is mandatory for all packed goods that are delivered to FSK.

A (Supplier is responsible for packaging design): Supplier needs to provide the packaging data sheet (FSK packaging data sheet template) and FSK will confirm with PDS release. Alternative packaging proposal have to be also considered.

B (FSK responsible for packaging design): FSK will provide the prefilled packaging data sheet to supplier and supplier will confirm feasibility of proposal.

Each delivery which is not according to the PDS or causing any quality defects, shall be recorded as logistics failure (nonconformity) and can result in a claim. FSK can charge supplier for any additional costs arising within this context, including any additional FSK-internal costs.

11.8 Packaging Back - Up

Suppliers are responsible for the design and procurement of disposable back-up / alternative packaging .

This disposable back-up design is required to be completed prior to the product launch. If returnable packaging is the primary solution, the supplier must get FSK approval when shipping disposable back-up / alternative packaging.

11.9 Permitted and Non - Permitted Materials

- ✓ preferred
- 0 only with approval from the FSK contact
- × forbidden

Paper and cardboard		
General	✓	
	0	Use of non water-soluble coatings or adhesives, e.g. wax, paraffin, bitumen, and oil paper or impregnated papers and cardboards, fabric adhesive tapes, fiberglass-reinforced paper adhesive tapes shall be reduced to a necessary minimum.
	×	-
Corrosion protective paper	✓	VCI papers with demonstrated recycling capability with paper/cardboard.
	0	-
	×	-

Tapes and strapping		
General	✓	Tape and strapping bands out of PP, PET and paper
	0	Steel strapping and metal clamps for heavy loads only with special approval from the FSK contact, stretch wrap

Wood		
General	✓	International Plant Protection Convention (IPPC) standard (only heat treatment permitted). Pallets shall be heat treated as whole
	0	Corrugated pallets
	×	Chemical pressure impregnation Press board pallets, coated and painted wood and wood wool

Glue and Ink		
General	✓	Water-soluble glues and inks
	0	
	×	Content of toxic chemicals such as PFAS, ethanol, xylene, N-hexane, toluene, etc.

Composite materials		
General	✓	-
	0	Only with approval from the FSK contact
	×	-
Plastics		
One-way	✓	PE, PP, PS, ABS, PET
	0	EPS, EPP, EPE, cross-linked foams, ABS-TPU
	×	PUR, EPS chips and spacers, PVC
Returnable	✓	ABS, PE, PP, PS, PET, EPP, EPE
	0	ABS-TPU, PVC, foamed EPS
	×	-
Films, bags and sacks	✓	PE, sticker/label and adhesive tape out of the same material, *Intercept-/Volatile Corrosion Inhibitor* (VCI) – films and bags as corrosion protection
	0	-
	×	Sticker/label and adhesive tape made out of different materials

11.10 Requirements for Electrostatic Discharge (ESD) Protection

Components that are sensitive to electrostatic discharge (electrostatic discharge sensitive devices, or ESDS for short) must be protected against charging and rapid discharge according to the classification of their damage risk. If no external protection has been fitted, the electrostatic sensitive device/component shall be prevented from coming into contact with any electrostatically chargeable materials.

It shall be ensured at all times that ESDS components are not exposed to any risk in terms of ESD during transportation and storage. Supplier shall strictly comply with the relevant requirements for ESD-proof packaging. All ESD packaging materials shall be labeled with the ESD symbol. The requirements for ESD packaging are determined by the relevant ESDS components to be packaged.

11.11 Corrosion Prevention and Moisture Control

Materials or products susceptible to corrosion must be protected during transportation and storage according to the prevailing external conditions (e.g. high relative humidity or for sea transportation). Corrosion protection medium has to be agreed between FSK and supplier and documented in the PDS.

11.12 Packaging for dangerous Goods or hazardous Substance Goods

Supplier shall always affix the appropriate warning symbols to the packaging at clearly visible locations. The supplier shall always comply with the laws and regulations applicable for dangerous and hazardous goods in the respective countries.

For hazardous materials, the warning symbols must be attached visibly on the packaging. Below symbols for references:

Class 1- Explosives

Class 5.2- Organic peroxides

Class 2- Flammable gases

Class 6- Toxic & infectious substances

Class 3- Flammable liquids

Class 7- Radioactive material

Class 4- Flammable solids

Class 8- Corrosives

Class 5- Oxidizing substances

Class 9- Miscellaneous goods

11.13 Technical Cleanliness Requirements of Packaging Materials

The requirements regarding technical cleanliness have to be considered:

The packaging materials that directly contact or surround the component/part have to conform to the cleanliness specification of the part mentioned in the drawing or specification of the part regarding maximum size of the particles.

Additionally, technical cleanliness requirements can arise from conditions of manufacturing (e.g., clean room). If technical cleanliness requirements arise from the part or manufacturing for the returnable or disposable packaging component, it will be cleaned every loop/circulation.

The respective cleanliness requirements have to be arranged bilaterally between the supplier and FSK within the packaging approval process.

Technical cleanliness requirements and specifications need to be follow according to standard VDA 19.1.

11.14 Delivery Specifications

Supplier shall pack the packages unmixed, meaning that part numbers of different production batches, revision level, shelf life, or countries of origin must be packaged separately. Mixing of products with different modification levels or revisions is prohibited in one package (box) and also on one pallet.

Supplier shall combine the individual packages to form a transportable loading unit on the pallet. Loading unit shall be secured against slipping during transport and protected against damage (e.g. adequate strapping, paper corner boards or plastic strap guards).

For deliveries on pallets, the top layer shall be flat (pyramid loads are not allowed). In general, for serial deliveries it is allowed to fill up the transportable loading unit with empty boxes or KLTs in case of necessity. It depends on the project type, will be a subject of discussion between the FSK and the supplier, it should be approved by the FSK before serial deliveries. Overall product dimension must not exceed the packaging pallet dimension. Packaging unit should not oversize the pallets. The transportable loading unit

shall be closed with a cover / lid on the top layer. Appropriate measures shall be taken to prevent damage.

11.14.1 Stackability of Loading Units

All pallet loads must be stackable and must withstand the transport conditions for different types of shipments: air, sea, road, and rail.

It is mandatory to use loading units with a dynamic stacking factor of at least = 2 (1+1) to reduce freight costs and reduce environmental impact.

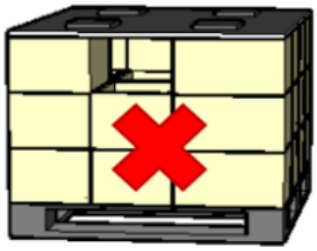
An outside cardboard pallet box is needed to have sufficient strength during the transport and to deliver the parts in a safe way avoiding damage.

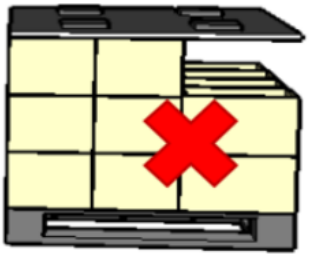
All boxes must be secured and delivered on pallets. It is not permitted to deliver single boxes without assuring them on a pallet.

Stacked pallets without additional protection are not accepted:

Damages due to wrong palletization and lack of exterior protection:

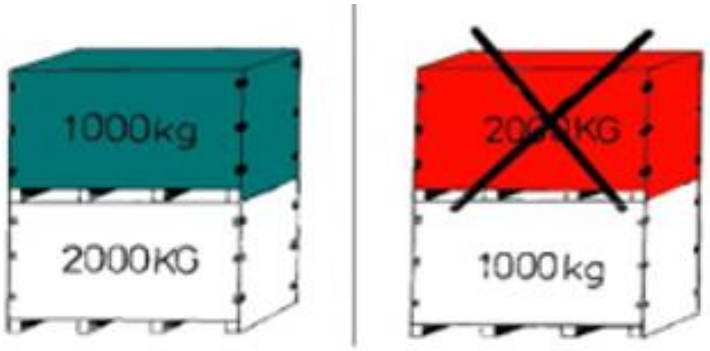
The delivered pallets must always be stackable and waterproof. If layer is not complete in full boxes, empty containers must be added to fill completely this layer.





When stacking is possible:

The heaviest palletized load must always been located in the lower part of the stack.



11.14.2 Pallet Labeling

All pallets stackable and not stackable must be labeled accordingly.

Example labeling of pallets:

Incomplete pallets or a remaining quantity of boxes that cannot be prepared in a stackable way must be arranged on a pallet and labeled, marked ''Not stackable''. Incomplete pallets must be stacked on top of the stackable pallets during transport.

11.14.3 Marking / Labeling

All labels, tags, or other markings on returnable packaging must be easily detachable leaving no residue, requiring no additional cleaning work upon removal. If the packing units are protected by a protective foil, the labeling, tags, or other markings shall additionally be affixed outside the foil.

The following list the data fields, which are mandatory on the label. How parts are to be labeled (design and format of labels, required data etc.) shall be agreed with the FSK representative in advance.

Data Field: revision level, part number of the supplier, customer part number, ordering code, additional part information, index, content, quantity, shipping note number, vendor number, package-ID, batch-ID/No, expiry date, date of manufacture or dispatch, supplier data.

11.14.4 Marking Labels for Sample Parts

Sample parts shall be sent exclusively to the delivery address specified in the order. In addition, sample parts must be clearly marked as such on the outer packaging. How sample parts are to be labeled shall be agreed with the FSK contact in advance. Sample shipments shall never be delivered together with a series delivery (on pallets, pallet cages, etc.), but must be delivered in separate packing units.

11.14.5 VDA – Label

This type of label is based on a recommendation of the German Association of the Automotive Industry (VDA). Sample of VDA 4902-Label:

11.14.6 Fill Level of the Packaging

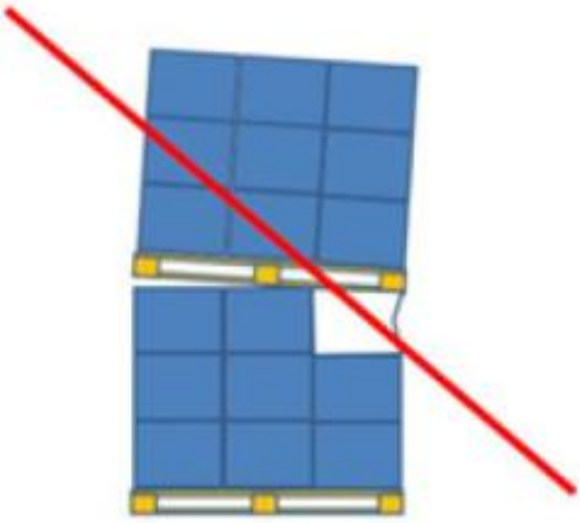
The fill level of the packaging must be optimized for a fully extended level.

- Unfilled level on a pallet is not allowed.

- In case shipping does not meet the level of a pallet, it must be extended with empty boxes.

- Empty boxes need to be placed in the middle of the pallet to avoid damage and collapse of the pallets during stacking.

Example wrong placement of empty box:



11.14.7 Samples of Inadequate Packaging

1. Units that cannot be stacked are unacceptable. Reasons for inadequate packaging in this case may be:

   - Insufficient reinforcement
   - Quality of cardboard box NOK

2. A „pyramid“ of cardboard boxes on a pallet is not acceptable. It cannot be stacked with other units.

3. Cardboard box is not square to the pallet base. The box is insufficiently secured and the unit cannot be stored automatically.

4. A small cardboard box on a big pallet causes difficulties, because it cannot be stacked with other units without risking accidents.

11.14.8 ISPM 15 Standard

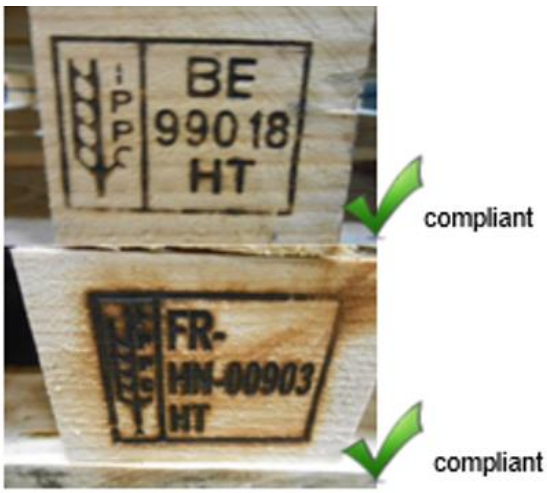
International Standard for Phytosanitary Measures No. 15 (ISPM 15), related to the regulation of wood-based packaging materials must be applied for deliveries generally on all intercontinental flows. As such the wood materials used shall be treated according to this standard.

The mark indicating that the wood packaging material has been subjected to an approved phytosanitary treatment, in accordance with the present NIMP 15 standard, is made of the following required components:

- The symbol,
- A country-code,
- A code-producer / treatment provider,
- A treatment code using the appropriate abbreviation.

The mark must be:

- Legible (customs risk of blockage if it is not),
- Indelible and non-transferable,
- Placed in a visible location when the wood packaging is used, preferably at least on two opposite faces of the wood packaging.



11.14.9 Palletizing

Palletizing rules - returnable

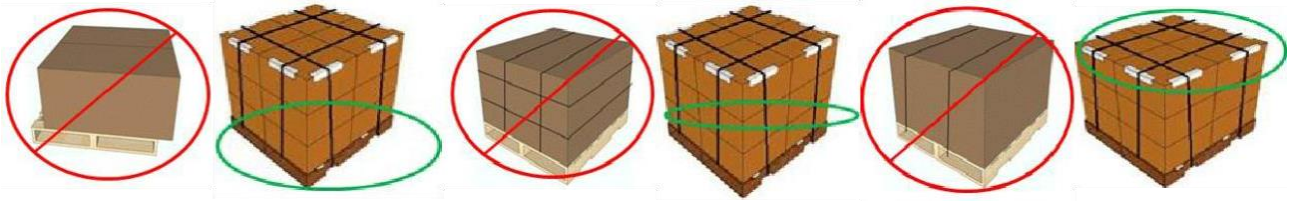
For electronic components, pallet must be ESD with ESD cover

Place the returnable into the pallet, not exceed the pallet edge.

Place top cover on the pallet

Latch seatbelts, if available, or secure top cover to the pallet with PP strapping band.

Palletizing rules – disposable



- Put the box or boxes into the pallet, not exceed the pallet
- Strap to secure the boxes, only in a vertical position
- Use corner reinforcement for protect the boxes.

11.15 One - Way Packaging

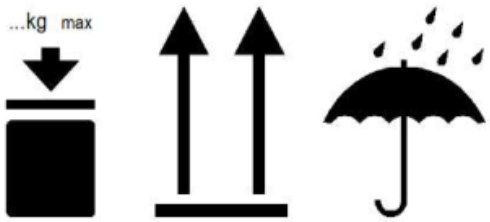
11.15.1 Verifying Evidence of Packaging Quality if Supplier is responsible for Packaging Design

To rule out quality risks during transportation, transshipment operations, and storage, supplier, upon request by FSK, shall provide verifying proof of the packaging quality (e.g. material specifications, transport testing, washing characteristics.) including test certificates.

Transport handling unit on top load and the box stack compressive strength shall be conducted acc. to DIN 55440-1or similar standards in the regions by an accredited testing institution.

11.15.2 Marking of Handling Units (HU) by Supplier

The marking (e.g. labeling) of handling units (HU) shall comply with DIN EN ISO 780. The pictograms e.g. stackability on top load, shown below shall be placed in easily visible locations on all four sides of the HU with a minimum height of 160 mm.



11.15.3 Specific Requirements depending on Transportation Type

Specific requirements may differ depending on the type of transportation.

Land / Road

Preferred external dimensions: **L** 1 200 x **W** 800 x **H** 1 000 **mm**

Air freight

As standard transport type:

- Light version of packaging to be considered in PDS.

As exceptional transport type:

- Light version of packaging to be agreed case by case with FSK.

For air freight, the use of sea freight pallets is also permitted.

Sea freight

Due to long transportation distances and times, and changing requirements (climatic zones, mechanical stress, moisture, etc.), particular attention must be given to ensuring sea freight is suitably packaged. Sea freight packaging shall comply with VDA recommendation 4525.

11.16 Returnable Packaging

11.17 Specification depending on Type of returnable Packaging

11.17.1 Supplier - owned returnable Empties

For supplier owned returnable packaging, supplier and FSK will agree upon loop sizing and determine the quantity of required empties.

11.17.2 FSK - owned returnable Empties

FSK covers the demand for empties for the transportation time in both directions. Unless agreed otherwise, supplier will receive FSK-returnable empties to cover the local FSK production demand of three (3) days without FSK charging supplier an usage fee for this.

For use of FSK-returnable empties exceeding the agreed inventory, FSK may charge the supplier a usage fee. The usage fee is calculated based on the inventory data of the empties packaging accounts.

Returnable empties located in the FSK consignment warehouse are excluded from the usage fee.

Unless otherwise agreed, supplier subject to prior approval by FSK, may provide FSK-owned returnable empties to its sub-suppliers for their FSK-specific production processes. The FSK-returnable empties used by the sub-suppliers for their FSK-specific production processes shall be added to the empties account of supplier and, if necessary, also debited to supplier in accordance with the regulations described above. Supplier is liable to FSK for damage caused to the FSK-returnable empties by supplier or its sub-suppliers. Supplier shall be responsible for any fault or culpability of its sub-suppliers to the same extent as it is for any fault or culpability of its own.

Supplier should concentrate the delivery or collection of empties to one delivery / pick up location.

11.18 Empties Management

Supplier and FSK - or an LSP contracted by FSK – shall maintain empties accounts and reconcile the account balances with their direct exchange partners. Supplier will use the empties management system stipulated for this purpose by FSK.

The account balances shall be provided to supplier monthly. Any complaints must be submitted to the FSK contact within 14 calendar days, including provision of a document copy (of the delivery note). Otherwise, the stated inventory is considered as correct and confirmed by supplier. Supplier shall perform inventory counts of all FSK-returnable packaging every year on a date specified by FSK.

11.18.1 Repairs & Scrapping

Supplier may only scrap or repair FSK-specific load carriers given prior consent thereto by FSK. The account balance has to be adjusted accordingly.

11.18.2 Cleaning & Maintenance

In line with its responsibility for quality, supplier shall pack its products only in packaging that meets the cleanliness requirements for its products as well as FSK's specifications.

The Supplier is responsible for cleaning, maintenance and repair of returnable packaging to secure part's quality. The Supplier must include in its proposal all costs. The Supplier must guarantee a 100% availability of the packaging loop at SOP, which ensures the ramp up phase and throughout the entire serial phase of the contract. Both the Supplier and FSK must report any damaged packaging as soon as detected. The necessary actions must be taken at the cost of the party generating the issue.

- The Supplier shall check the packaging conditions when receiving empty containers and when using it for parts production.
- FSK shall check packaging status at goods reception and before shipment of empty packaging to the supplier.

11.18.3 Marking of FSK - returnable Packaging by Supplier

No labels, tags, stickers, internal marking or similar items may be affixed to FSK returnable load carriers. The standard label holders attached are to be used for marking the load carriers. The product tag is inserted in the label holder or placards and, if necessary, secured with a maximum of two easy to detach adhesive points (complying with VDA recommendation 4500/4504).

12 Special Requirements in FSK Plant during loading and unloading of the Goods

In case of transports are secured by supplier, all carriers used by the supplier for transport should follow the requirements and rules listed below.

It is necessary to respect and observe the following rules in FSK plant during loading and unloading of the goods:

- The truck must be able to be loaded/unloaded from loading ramp.
- The trailer of the truck must be braked and secured with wheel chocks on both sides.
- Mandatory wearing of reflective jacket for drivers in FSK plant during loading/unloading.
- Comply with general OHS regulations.

In the event of non-compliance with the above requirements, can the logistics at the FSK plant refuse to load/unload a truck.

In urgent cases when it is not possible to comply with all requirements, supplier or forwarder have to inform in advance FSK contact person (logistic department).

13 List of Abbreviations – Glossary

FSK	-	Foxconn Slovakia, spol. s r.o.
OTD	-	On-Time-Delivery
ESD	-	Electrostatic Discharge
ESDS	-	Electrostatic Discharge Sensitive Devices
PDS	-	Packaging Data Sheet
VDA	-	Verband der Automobilindustrie (German Association of the Automotive Industry)
SOP	-	Start Of Production
KLT	-	KLT boxes (Euro containers)
HU	-	Handling Unit
DIN	-	Deutsches Institut für Normung e.V. (German Institute for Standardization)
EDI	-	Electronic Data Interchange
HS-Code	-	Harmonized System Code (customs tariff number)
ISO	-	Internationale Organisation for Standardization
IATF	-	International Automotive Task Force
FCA	-	Free Carrier
Incoterm	-	The coding of an Incoterm comprises the following: XXX (e.g. FCA) followed by the named place of delivery/destination (e.g. FCA XXX). The current Incoterms (e.g. currently the Incoterm 2020) shall apply.
QRQC	-	Quick Response Quality Control
PDCA	-	Plan, Do, Check, Act
5why	-	Five Whys
8D	-	Eight Disciplines

ASN	-	Advanced Shipment Notification
DELINS	-	Delivery Instructions
JIT	-	Just in Time
PSI	-	Priority List
PN	-	Part Number
FMEA	-	Failure Mode and Effects Analysis
PPM	-	Parts Per Million
DRP	-	Disaster Recovery Plan
OEM	-	Original Equipment Manufacturer
DOH	-	Days on Hand
VMI	-	Vendor-managed inventory
FIFO	-	First In First Out
CPV	-	Capacity Planning Volume
ECN	-	Engineering Change Notice
DAP	-	Delivered At Place
DDP	-	Delivery Duty Paid
LSP	-	Logistics Service Provider
CMR	-	Convention on the Contract for the International Carriage of Goods by Road
OHS	-	Occupational Health and Safety
ISPM 15	-	International Standard for Phytosanitary Measures
VDA 19.1	-	Technical Cleanliness Standard / Inspection of Technical Cleanliness
ISTA	-	Test Procedure - Packaging
SQD	-	Supplier Quality Development
PCB	-	Printed Circuit Board
QCDS	-	Quality / Cost / Delivery / Service

RFQ	-	Request for Quotation
MOQ	-	Minimum Order Quantity