



LOGISTICS DICTIONARY

Tetra Pak Service

Approved stock level (ASL) is only valid for suppliers that have signed Logistics Agreement 2.0 or newer. Item and quantity are shown in the monthly forecast list. The approved stock level is a value, set out on component level that the supplier can keep on stock, if needed, to be able to deliver above 96% delivery performance.

Delivery performance (DP) is the measurement of the supplier's ability to meet agreed Lead Times and to deliver the Products on the Requested Delivery Date. The performance is measured per order line when delivered in full.

Delivery performance list is a statement of how well you as a supplier have performed according to last week's deliveries.

Engineering change note (ECN) When the Product Owner has decided on the engineering change, the decision is communicated via an Engineering Change Notification (ECN).

Economic order quantity (EOQ) is an inventory model that determines how much to order by determining the amount that will meet customer service levels while minimizing total ordering and holding costs. Example:

- Forecasted demand = 10 pieces per day
- EOQ POD: 50 days
- EOQ: $50 \times 10 = 500$ pieces

Economic order quantity Periods of demand (EOQ POD) is how often Technical Service will buy the part based on the sales forecast.

Forecast is an estimate of future demand. A forecast can be constructed using quantitative methods, qualitative methods, or a combination of methods, and it can be based on extrinsic (external) or intrinsic (internal) factors. Various forecasting techniques attempt to predict one or more of the four components of demand: cyclical, random, seasonal, and trends.

Lead time constitutes the time elapsed from the day when the supplier receives the purchase order for the materials ordered, until the materials have been loaded on the carrier designated by the Purchaser in accordance with FCA Inco terms for 2010.

Logistics agreement (LA) is an agreement for the Spare Part Supplier delivering to Technical Service. On time refers to materials, including all relevant documentation, delivered to the purchaser's warehouse in Lund (Sweden), on the arrival date (Requested Delivery Date) set out in the purchase order.

Purchase info record (PIR) is a purchase order where a standard agreement is missing.

Prioritization list shows prioritized order lines according to how critical the order line is.

Requested delivery date (arrival date) is the day that is calculated from order date, by adding the Lead Time from the contract and the Transport Time from the supplier's warehouse to the purchaser's warehouse in Lund, Sweden. I.E., the day specified in the purchase order when the consignment together with the necessary documentation is to be available at the purchaser's warehouse in Lund.

Routing order gives the Supplier Tetra Pak designated forwarder, to be used for transportation to Technical Service from all over the world.

Supplier performance tracking (SPT) is Tetra Pak system for monitoring supplier's performance composed of 4 important criteria or categories; Quality, Delivery, Audit and Environment.

Total quality management (TQM) is a management approach to long-term success through customer satisfaction. Total Quality Management is based on the participation of all members of an organization in improving processes, products, services, and the culture they work in. TQM benefits all organization members and society.

Transport time refers to the time elapsed from Lead Time until the products arrive at the purchaser's warehouse in Lund. I.E., the time it takes for the designated forwarder to transport the products from the supplier's warehouse to the purchaser's warehouse in Lund.