

# DOMEL

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## **General Logistic Guidelines for Suppliers**

**Valid from 1. 11. 2020**

At Domel we treat suppliers as partners. We encourage our suppliers to contribute to an effective supply system that is reliable and fulfils production and customer requests.

In the following document we define the general guidelines for the key logistic content that must be followed by suppliers and are the basis for the definition of individual logistic agreements.

## THE DOCUMENT INCLUDES RECOMMENDATIONS AND REQUESTS FOR:

1. Organisation of Transport and Insurance of the Shipment
2. Supply Ability
3. Ordering System
4. Supply Adjustability
5. Lead Time
6. Safety Stock
7. Delivery Performance
8. Quantity in Order
9. Packing
10. Marking
11. Miscellaneous

## ENCLOSURE:

1. Examples of Correct Marking and Packing
2. Explanation for ABC Ranking of Supplied Parts
3. Supplier Quality Report

# 1 ORGANIZATION OF TRANSPORT AND INSURANCE OF THE SHIPMENT

Supplier should follow Incoterms:

Priority	Other
<p><b>Road transport = DAP</b>                      Delivered-at-place. The supplier takes on all the risks and costs of delivering goods to an agreed-upon location. This means the seller is responsible for everything, including packaging, documentation, export approval, loading charges, and ultimate delivery. The goods are considered as delivered when they are on the defined address and prepared for unloading. The buyer, in turn, takes over the risk and responsibility as of the unloading of the goods and clearing them for import.</p> <p><b>Sea transport = FOB</b>                      Free on Board. The supplier is responsible for paying all the costs involved with a shipment until the goods are on a vessel at their outbound port. The custom clearance is also included in these costs. Domel takes over the responsibility and risk when the goods are on board.</p>	<p><b>FCA</b>                      Free Carrier. The supplier is responsible for export clearance and delivery of goods to the carrier at the named place of delivery. At that place the risk shifts to Domel as the buyer.</p>

Table A

The supplier must pack material and organise the transport so that there is no change in the shape or features of the material during the transport process (due to a dry room, humidity, vibrations, temperature, type of storage, package handling).

# 2 SUPPLY ABILITY

Suppliers shall follow these requests:

Supplier	Request
Supplier of A/B material – 50 km from Domel location	The supplier should deliver every working day, and the quantity can vary if requested.
Supplier of A/B material – more than 50 km from Domel location	The supplier should deliver once per week, and the quantity can vary if requested.
Supplier of C material	The supplier should deliver once per month, and the quantity can vary if requested. The delivery day is variable during the month and is defined as per request.

Tabela B

### 3 ORDERING SYSTEM

Domel supports the following ordering systems:

System	Description
Scheduling Agreement	Domel will send an update once per week by: <ul style="list-style-type: none"> <li>• EDI,</li> <li>• Web EDI Portal,</li> <li>• Email to defined addresses.</li> </ul> Demand is defined on the day, week or month regarding the planning horizon. The fixed period is less than lead time.
Frame Order with Call Offs	Domel will send the order for delivery within a period of not more than 12 months by: <ul style="list-style-type: none"> <li>• EDI,</li> <li>• Web EDI Portal,</li> <li>• Email to defined addresses.</li> </ul>
Order	Domel will send the order by: <ul style="list-style-type: none"> <li>• EDI,</li> <li>• Web EDI Portal,</li> <li>• Email to defined addresses.</li> </ul>

Table C

### 4 SUPPLY ADJUSTABILITY

Domel’s customers have different demands regarding the call offs and forecast systems. We expect support from suppliers to fulfil customer requests and share the risk.

Category	Request
<p><b>Yearly contract material</b></p> <p>Features:</p> <ul style="list-style-type: none"> <li>• Regular demand,</li> <li>• Short lead time from customer.</li> </ul> <p>Domel is making a big effort to ensure a sliding 4-week fixed production plan.</p>	<ul style="list-style-type: none"> <li>• 100% ability to meet supply needs with regard to the material position (considering the term, quantity, location, logistic level, quality),</li> <li>• Short lead time (&lt;30 days),</li> <li>• Safety stock at supplier.</li> </ul>
<p><b>Project material</b></p> <p>Features:</p> <ul style="list-style-type: none"> <li>• Non-reliable customer demand,</li> <li>• Sales plan includes regular changes.</li> </ul> <p>Domel considers the supplier’s ability to follow the changes in order to make the business possible.</p>	<ul style="list-style-type: none"> <li>• The supplier can follow urgent changes to the delivery request (change of delivery time, change of quantity),</li> <li>• Safety stock at supplier and in Domel.</li> </ul>

Tabela D

## 5 LEAD TIME

Domel requests following lead times:

Category	Request
Supplier of A material positions for customers with a yearly contract	<p><b>Supply assembly line</b></p> <ul style="list-style-type: none"> <li>● Lead time <math>\leq 3</math> weeks, Domel issues a fixed call off for the period of 3 weeks.</li> </ul> <p><b>Supply armature and stator line</b></p> <ul style="list-style-type: none"> <li>● Lead time <math>\leq 2</math> weeks, Domel issues a fixed call off for the period of 2 weeks.</li> </ul> <p><b>Supply shaft production (and similar)</b></p> <ul style="list-style-type: none"> <li>● Lead time <math>\leq 1</math> week; Domel issues a fixed call off for the period of 1 week.</li> </ul>
The rest of the material positions	<ul style="list-style-type: none"> <li>● Lead time is a compromise that enables sharing the risk of stock between Domel and the supplier.</li> <li>● Lead time is defined considering the delivery frequency and distance to the supplier location</li> </ul>

Table E

Domel must follow requests to change orders from its customers, so we request **feedback from the supplier within 2 days**.

## 6 SAFETY STOCK

To minimise the risk of non-reliable supply the supplier must organise the safety stock for the material for the project and material with a long lead time.

Possibility	Request
Supplier will organise the consignment stock in Domel	<ul style="list-style-type: none"> <li>● To agree the quantity, the supplier covers the cost of stock, Domel covers the warehouse costs.</li> </ul>
Supplier and Domel agree to make a proportional safety stock	<ul style="list-style-type: none"> <li>● Both partners will make half of the requested safety stock.</li> <li>● In case of the use of safety stock, the difference in costs due to air transport will be covered by both parties. If the use of safety stock is due to non-reliable delivery, the air shipment costs will be covered by the supplier.</li> </ul>
Supplier will organise warehouse in the neighbourhood	<ul style="list-style-type: none"> <li>● Warehouse <math>&lt; 500</math> km from the production location of Domel, stock level to be agreed.</li> </ul>

Table F

## 7 DELIVERY PERFORMANCE

Domel will follow the delivery performance of the supplier.

- General; Enclosure 3: Supplier Quality Report,
- For each material ID: POF criteria.

Every delivery of the ordered position is POF reliable if it was supplied:

**1. On the ordered delivery date**

- If it was ordered following the offered lead time.

**2. Confirmed quantity**

- Delivered quantity is the ordered quantity. Any deviations must be agreed in advance.

**3. Agreed quality**

- Until the delivery of product there are no remarks regarding the quality.

**4. Agreed information and logistic data**

- Delivery notice, on time submission of the documentation, correct packing marking, correct packing. Each separate delivery of the material ID as per the requested 4 criteria is reliable and used as a basis for the delivery performance calculation:

$$\text{Delivery performance of the material ID (\%)} = \frac{\text{POF supply of the material ID}}{\text{All supplies of the material ID}}$$

Request for delivery performance:

Category	Request
Supplier of the material positions for the customers with a yearly contract	● >= 95%
Supplier of the material positions for the customers with a project	● >= 85%

If the supplier does not follow the requested delivery performance of the material ID, Domel requests that the supplier to take the following measures:

- **1. Fast measure:** establish the safety stock, with the quantity defined by Domel;
- **2. Systematic measure:** submit an action plan describing how will the delivery performance will be improved.

When the requested delivery performance is achieved, the measures are realised.

Any change in the material ID of a delivery that is requested by Domel and is out of the agreed conditions (for example, a shorter requested delivery date than the offered lead time), must be coordinated with the supplier and it is excluded from the calculation. The ability of the supplier to realise such cases will be taken into the account in the evaluation of delivery performance.

## 8 QUANTITY IN ORDER

The supplier must follow the guidelines:

Category	Request
A material ID	The ordered quantity is equal to the demand in the planning horizon: <ul style="list-style-type: none"> <li>● The quantity is rounded to minimal packing size.</li> <li>● The packing unit is very small, (for example, EUR pallet), so there is no leftover material after production.</li> <li>● It is not allowed to combine deliveries.</li> </ul>
B material ID	<ul style="list-style-type: none"> <li>● Supplied quantity shall not exceed weekly demand.</li> </ul>
C material ID	<ul style="list-style-type: none"> <li>● Supplied packing unit shall not exceed monthly demand.</li> </ul>

Table H

## 9 PACKING

Responsibility matrix	Domel	Supplier
Definition of packing	A	R
Validation of packing	R	C
Ownership of returnable packing	D	D
Replaceable and non-returnable packing	A	R
Removal of old labels and marking		R
Marking	A	R
Missing packing	D	D
Cleaning of the packing		R
Periodical inventory check of packing	R	C

Legend: R – responsible, C – cooperate, D – to be discussed, A - approve

Table I

Domel supports the following packing option:

Option	Requirement
One-way packing	<ul style="list-style-type: none"> <li>For overseas and small quantity deliveries. The supplier and Domel agree about the standard.</li> </ul>
Returnable packing	<ul style="list-style-type: none"> <li>The process should follow the responsibility matrix.</li> </ul>
On purpose packing	<p>The packing is defined by supplier based on the nature of the</p> <ul style="list-style-type: none"> <li>material. It cannot be standardised.</li> </ul>

Table J

**Allowed dimensions**

Outer dimensions of the supplied packing unit (length x width):

- 300 x 200
- 400 x 300
- 600 x 400
- 600 x 800
- 800 x 1200

Maximal height shall not exceed 980 mm.

**Allowed maximal weight**

- Weight of the packing unit shall not exceed 15 kg.
- Maximal pallet weight shall not exceed 500 kg.

You need to get Domel's approval in advance for any special dimensions or weight.

**Packing material**

The supplier must ensure the use of sustainable packing material:

- made from recycled material,
- made of one material, so recycling is possible,
- with efficient use of material.

**We allow:**

- pallets made from wood, plastic, particle board, plywood. Thermal treatment is obligatory.
- Other packing material must be approved in advance by Domel.



## 10 MARKING

Option	Other
<p><b>MAT - Label with QR Code</b>                      Label 70 x 48 mm or 100x40 mm, small 80 x 25 mm:</p> <ul style="list-style-type: none"> <li>● to be printed by the supplier in case of EDI,</li> <li>● to be printed by the supplier from Darwin Portal.</li> </ul> <p><b>VDA 4902</b></p> <ul style="list-style-type: none"> <li>● big (size A5 148 x 210 mm), minimised (size KLT 99 x 210 mm), small (ODETTE size A6 105 x 148 mm),</li> <li>● to be printed by the supplier from Darwin Portal,</li> <li>● to be printed by the supplier using other tools.</li> </ul>	<p><b>Non-standard</b></p> <ul style="list-style-type: none"> <li>● 100*84 (current Domel),</li> <li>● Very small 74*22 (for example, for the plate).</li> <li>● Marking defined by packing size.</li> </ul>

Table K

Domel accepts the marking specified below:

Option	Requirement
Supplier's marking and delivery notice	<ul style="list-style-type: none"> <li>● Multiple deliveries.</li> <li>● Communication matrix.</li> <li>● Supplier uses MAT – Label or VDA 4902.</li> </ul>
Web EDI Portal	<ul style="list-style-type: none"> <li>● For smaller suppliers.</li> <li>● Supplier uses MAT – Label.</li> </ul>
Supplier makes the labelling, Domel makes the delivery notice	<ul style="list-style-type: none"> <li>● Supplier uses MAT – Label or VDA 4902.</li> <li>● Manual delivery notice.</li> </ul>
Non-standard marking	<ul style="list-style-type: none"> <li>● For samples and catalogue parts.</li> <li>● Domel marks the delivery at arrival.</li> </ul>

Table L

Detailed instructions about the marking are explained in the documents that are available on the website:

<https://www.domel.com/suppliers/suppliers-manual>

- Requirements on Marking of Goods MAT – Label 2.5
- <https://www.vda.de/en/services/Publications/Publication.~189~.html>



## 11 MISCELLANEOUS

- a. We require the Domel material description (Domel ID and material name) on every order confirmation, packing list, delivery note and invoice.
- b. The returnable packing must be noted on the delivery note and packing list with the Domel material description (Domel ID and material name).
- c. The ordered material must be delivered to the delivery address that is defined on every order position. In cases when this rule is not followed we will need to charge you the internal handling costs.
- d. Send invoices by e-mail in no editable form (.pdf) to the address [racuni@domel.com](mailto:racuni@domel.com). The rule is that you need to submit every invoice in a separate e-mail.
- e. In the document "Requirements for forwarders" there are instructions for the transport of Domel materials.

# ENCLOSURE 1: EXAMPLES OF CORRECT MARKETING AND PACKING

## 1. MAT - Label with QR code

Comprehensive Label (small, 70 x 48 mm, as sample):



	Part.No.:	<b>123.456-78</b>
	Quantity:	<b>10000</b>
	Index:	AA
	Add.Info:	
	Exp.-Date:	20090221 MS-Level: 5
	Date Code:	20080222
	1. Batch:	010508 6
	2. Batch:	010508 7
	Part Name:	10KOhm 5%
	Supplier-ID:	1234567
Purchase:	5512345678	Shipping Note: 122584
Ord. Code	A2C5318163202/02	
Man. Part No:	ABCXYZ	
Supplier-Data:	40132241-02-PCL	
Suppl.:	Supplier Sample & Co.	
Man. Loc.:	GER-Hannove2	
		

Small Label (80 x 25 mm, as sample)








	Part No.:	Exp.-Date: 20081019
	<b>A2C53254029</b>	Quantity: <b>200</b>
	Man. Part Nr.:	SL105103MAA-S
	Package-ID:	3SS123456789012
	Supplier-ID:	815

2. VDA 4902 label

Comprehensive label A5 (size 148 x 210 mm)

(1) WARENEMPFÄNGER: DOMEL, D.O.O. DOMEL, D.O.O. OTHER		(2) ABLADESTELLE / LAGERPORT / VERWENDUNGSSCHLUSSEL <b>3100/01W/</b>		© Data interchange Pic
(3) LIEFERSCHEIN-NR. (N) <b>38</b> 		(4) LIEFERANTENANSCHRIFT (KURZNAME, WERK, PLZ, ORT): <b>ŠMID D.O.O</b>		
(8) SACH-NR. KUNDE: <b>182632</b> 		(5) GEWICHT NETTO: <b>24</b>	(6) GEWICHT BRUTTO: <b>56</b>	(7) ANZAHL PACKSTÜCKE: <b>1</b>
(9) FÜLLMENGE (Q): <b>8500</b> 		(10) BEZEICHNUNG, LIEFERUNG, LEISTUNG: <b>LOT56789012 ECONAMID R5 B0</b>		
(12) LIEFERANTEN-NR. (V): <b>11319</b> 		(11.1) SACH-NR. LIEFERANT: <b>462.1.424 LIST</b>		
(15) PACKSTÜCKNR. (M): <b>31199</b> 		(11.2) PIM-IDENT-NR.: <b>104217</b>		(14) ÄNDERUNGSSTAND KONSTRUKTION:
		(13) DATUM: <b>D191028</b>		
		(16) CHARGEN-NR. (H) <b>SMID12456</b> 		
WARENANHAENGER VDA 4902, VERSION 3				

Smaller label ¼ A4 KLT (size 99 x 210 mm)

(1) Wareneempfänger-Kurzadresse <b>DOMEL, D.O.O.</b>	(2) Abladestelle - Verwendungsschlüssel <b>01W - 3100</b>	(3) Lieferschein-Nr (N) <b>38</b> 
(8) Sach-Nr. Kunde (P) <b>182632</b> 		
(9) Füllmenge (Q) <b>8500</b> 	(10) Bezeichnung Lieferung, Leistung <b>LOT56789012 ECONAMID R5 B0</b>	
(12) Lieferanten-Nr. (V) <b>11319</b> 	(11) Sach-Nr. Lieferant (30S) <b>462 1 424 LIST ROTORSK</b> 	
(15) Packstück-Nr (M) <b>31199</b> 	(13) Datum <b>D19.10.28</b>	(14) Änderungsstand Konstruktion
	(16) Chargen-Nr. (H) <b>SMID12456</b> 	

Small label ODETTE A6 (size 105 x 148 mm)

RECEIVER DOMEL,D.O.O. OTHER		DOCKGATE 01W		© Data Interchange Plc	
DELIVERY NOTE NO (N) 38 		SUPPLIER ADDR SMID D.O.O, SELCA			
		NET WT (KG) 24	GROSS WT (KG) 56	NO OF BOXES 1	
PART NO (P) 182632 					
QUANTITY (Q) 8500 		DESCRIPTION LOT56789012 ECONAMID R5 B0			
		SUPPLIER PART NO 462.1.424 LIST R. 			
SUPPLIER (V) 11319 		DATE D19.10.28		ENGR CHANGE	
PACK NO (U) 31199 		BATCH NO (H) SMID12456 			

## ENCLOSURE 2: EXPLANATION FOR ABC RANKING OF SUPPLIED PARTS

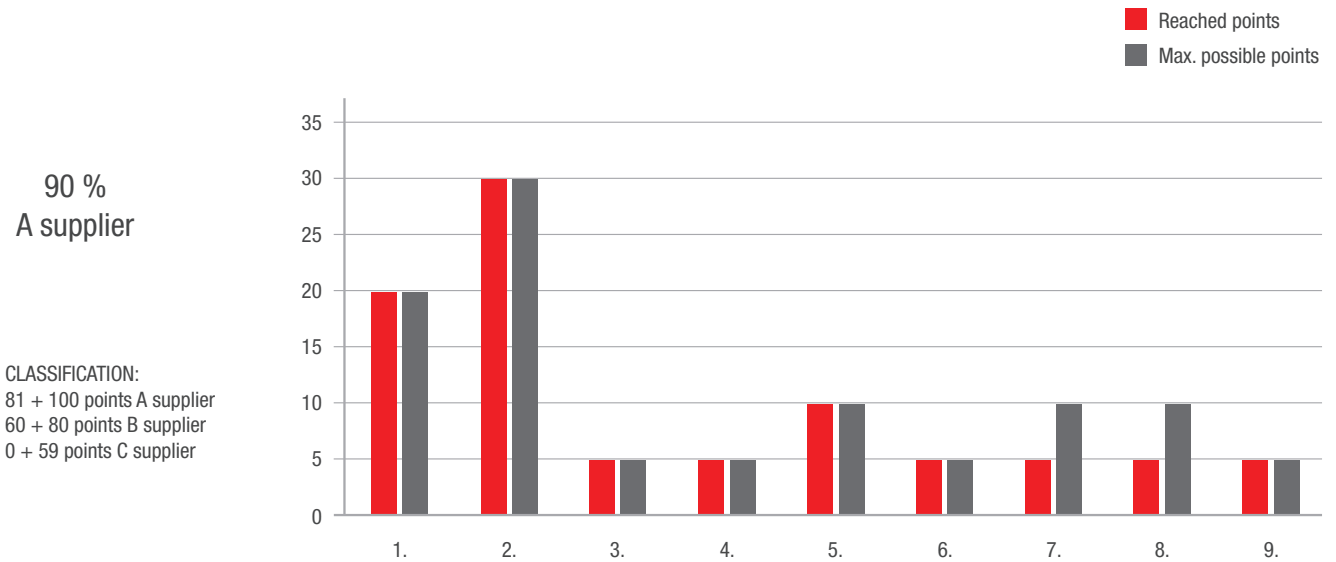
Accurate ABC categorisation of material ID defines the ranking of an item. It is valid for 6 months and will be updated every June and December. The basis is the expected material demand projection following the 6-month sales plan. The supplier will be informed in case of any changes.

ABC ranking calculation:

- For each material ID we calculate the forecasted sales value for the next 6 months (quantity \* average price).
- The sum of the forecasted value of all material IDs is ranked from highest to lowest.

Total forecasted value	Rank
100 % - 70 %	A
69 % - 44%	B
43 % - 1%	C

## ENCLOSURE 3: SUPPLIER QUALITY REPORT



Criteria	Reached points	Max. possible points
1. PPM values	20	20
2. Quality performance	30	30
3. Quantity delivery performance	5	5
4. On time delivery performance	5	5
5. 8D reporting	10	10
6. Quality management system certificates	5	5
7. Payment terms	5	10
8. Price competitiveness	5	10
9. Professional-technical support	5	5

In case of any additional questions, please contact:

Criteria 1, 2, 5, 6 - [sqa@domel.com](mailto:sqa@domel.com)

Criteria 3, 4, 7, 8, 9 - [tanja.kramar@domel.com](mailto:tanja.kramar@domel.com)

## EVALUATION CRITERIA

1. PPM values			
From	To	Unit	Points
0	50	ppm	20
51	1.000	ppm	15
1.001	10.000	ppm	10
10.001	20.000	ppm	5
20.001	1.000.000	ppm	0

2. Quality performance			
From	To	Unit	Points
90	100	%	30
80	89	%	20
0	79	%	5

3. Quantity delivery performance			
From	To	Unit	Points
90	100	%	5
80	89	%	3
0	79	%	1

4. On time delivery performance			
From	To	Unit	Points
90	100	%	5
80	89	%	3
0	79	%	1

5. 8D reporting			
From	To	Unit	Points
0	79,99	%	1
80	94,99	%	5
95	100	%	10

6. Quality management system certificates	
Certificates	Points
IATF 16949, ISO 14001 and more	5
ISO 9001	3
Without certificates	1

7. Payment terms			
From	To	Unit	Points
0	30	dni	1
31	60	dni	5
61	90	dni	10

8. Price competitiveness	
Competitiveness	Points
Through continuous improvement supplier achieves competitive prices.	10
The supplier occasionally, at the initiative of the customer, is willing to accept a price reduction.	5
The supplier does not work towards achieving more competitive prices.	1

9. Professional - technical support	
Support	Points
Adequate support	5
Inadequate support	1

SUPPLIER RANKING	
Ranking	Status
81 - 100 points	A supplier
60 - 80 points	B supplier
0 - 59 points	C Supplier