






DELLOORTO

SUPPLIER LOGISTIC REQUIREMENTS



In caso di stampa la copia è da ritenersi non controllata, pertanto è necessario verificare l'aggiornamento nell'apposito Sito Intranet
Any printed/soft copy of the document is UNCONTROLLED. For current revision, go to Intranet Site.

Review	Review date	Drafted by	Checked by	Approved by
00	04.07.2023	M. Gerosa Logistic 	R. Rota Quality & Environment 	Ing. Luca Dell'Orto Managing Director 
NORMA DI RIFERIMENTO REFERENCE STANDARD		ISO 9001 – IATF 16949 – ISO 14001 – ISO 27001		
PROCESSO DI RIFERIMENTO REFERENCE PROCESS		QUALITA e AMBIENTE		
PUNTO NORMA STANDARD REQUIREMENT		8.4		
STATO STATUS		Attiva / Active		
ISTRUZIONI OPERATIVE OPERATIVE INSTRUCTIONS		0		
RIFERIMENTI LEGISLATIVI LEGAL REQUIREMENT				

Revision List		
N°	Date	Modification
00	04.07.2023	Issued

Table of Contents

1.	General principles	4
1.1.	Purpose of document	4
1.3.	Supplier and DELL'ORTO SPA Logistics Strategy	4
1.4.	Supplier organization	5
2.	Procurement process	5
2.1.	Capacity management	5
2.2.	Closed Purchase Order	5
2.3.	Delivery Plan	6
2.4.	Methods and frequency of sending delivery plan	6
2.5.	Overdue deliveries	7
2.6.	Requests for additional deliveries	7
2.7.	Deliveries in excess	7
2.8.	Guideline for Minimum Order and Order Lot definition	7
2.9.	End of production, out of production, end of life	7
2.10.	Global Supplier Index	8
3.	RECEIVING PROCESS AND PACKAGING	9
3.1.	RECEIVING PROCESS	9
3.2.	REQUIRED DELIVERY DOCUMENTS	9
3.3.	LABELING	10
3.4.	TRACEABILITY REQUIREMENTS	10
3.5.	PACKAGING REGULATION AND DEFINITION	10
3.6.	SHIPMENT QUALITY	11

1. General principles

1.1. Purpose of document

This guideline is reference document for logistics between DELL'ORTO SPA and Supplier. It describes how to work with DELL'ORTO SPA and formalizes logistic requirements of DELL'ORTO SPA with respect to Supplier.

Conditions listed in current agreement supplement other contractual documents that govern relation with supplier. They are communicated to Supplier when he participates in DELL'ORTO SPA RFQ.

Supplier must read carefully all current documents that are available before sending his technical and economical bid to DELL'ORTO SPA Procurement and Purchasing Department in response to RFQ.

It is ownership of supplier monitor and improve, if necessary, his logistics performance in order to meet DELL'ORTO objectives in terms of Quality, Cost and Delivery.

1.2. Scope, issue and update of SUPPLIER LOGISTIC REQUIREMENTS

It applies to all parts supplied as well as After-Sales parts and accessories. It does not apply to prototypes and non-production parts.

New updated version is communicated to Supplier.

1.3. Supplier and DELL'ORTO SPA Logistics Strategy

DELL'ORTO SPA's logistics strategy is based on four key principles:

- materials for OEM market are mostly managed by Delivery Plan, materials for After Sale market are mostly managed by standard Purchase Orders
- Delivery Plan is driven by customers orders and replacement of safety stock, to absorb market variability.
- flexibility requested to Supplier is aligned with flexibility that DELL'ORTO SPA gives to their customers.
- DELL'ORTO SPA's logistic processes are continuously reviewed to improve performance in terms of Quality, Cost and Delivery. DELL'ORTO SPA 's collaboration with their customers is main leverage to improve supply chain performances.

1.4. Supplier organization

Supplier must appoint a Logistics Manager through manufacturing site. His role will be to ensure that logistics requirements are considered in all project phases.

Logistics Manager will be SPOC (single point of contact) of DELL'ORTO SPA logistic team for setting and execution of logistics process.

2. Procurement process

Procurement process is based on following processes.

- Supplier capacity definition
- Closed purchase order (mostly used for After-market materials)
- Delivery Plan (mostly used for OEM materials)

2.1. Capacity management

Capacity Baseline defines maximum weekly capacity to be set up by DELL'ORTO SPA and its suppliers. In particular, capacity baseline has to specify:

- Maximum weekly capacity by end item or family of item
- Lead time to reach maximum capacity

All these data are collected in the "Capacity Management Sheet", which is provided by DELL'ORTO SPA Logistic Division.

Supplier must fill and sign this format before SOP.

This Capacity Baseline is updated periodically.

In case of capacity shortage, supplier needs to determine actions to be put in place to achieve requested capacity level and share them with Procurement and Purchasing Department.

During year, if capacity is not enough to cover Delivery Plan or Purchase Orders, Supplier must immediately inform Logistic department. Suppliers must warn Logistic department even if they have limited flexibility versus volume requested.

In case of critical situation in terms product availability DELL'ORTO SPA can ask to supplier to arrange a weekly call or request a weekly report in order to keep situation monitored.

2.2. Closed Purchase Order

Purchase Order (PO) process is based on issue of PO for a material to be delivered in a certain quantity in a standard lead time agreed with Supplier. Standard lead time and minimum order

quantity should be reviewed by supplier and DELL'ORTO SPA Procurement and Purchasing Department when required.

In case of urgency, DELL'ORTO SPA can issue PO under agreed lead time or expedite some orders, in that casesupplier has to give a feedback to DELL'ORTO SPA as soon as possible about possibility to speed up delivery.

2.3. Delivery Plan

Forecasted and fixed requirements will be stated in form of **Forecasted** (FR) and **Confirmed** (CO). they are included in **Delivery Plan** (DP).

Forecasted delivery order communication must enable supplier to prepare their manufacturing program and identify possible plant capacity problems. Supplier must strictly comply with quantities expressed in Confirmed lines.

Delivery plan is composed by 2 zones:

- **Frozen Zone** (FZ): 20 working days rolling from release date of Delivery Plan. It includes **Confirmed Orders**. Once requirements are included in FZ, they can't be modified anymore in terms of quantity and delivery date.
- **Variation zone** (VZ): From 21 working days from release date of Delivery Plan. It includes **Forecast**. Once requirements are included in VZ they can vary without any constraint unless otherwise specified in commercial agreements.

Dates specified in DP refer to delivery date in DELL'ORTO SPA warehouse only. Any different intention must be agreed in specific commercial agreements.

Each week, DELL'ORTO SPA sends to supplier Delivery Plan. Supplier has to analyze each line of delivery plan and warn DELL'ORTO SPA Logistic Department in case of any impossibility to respect firmorders / forecast and propose a backlog recovery plan.

2.4. Methods and frequency of sending delivery plan

The way in which DELL'ORTO SPA can send DP to each single supplier, must be agreed during business development phase and it's unique for every supplier.

- EDI: a specific channel must be open with provider
- Web EDI: DELL'ORTO SPA give to supplier all necessary data to access DELL'ORTO SPA portal

In both cases, frequency of DP updating is weekly.

2.5. Overdue deliveries

Each week, DELL'ORTO SPA send to supplier a reminder for overdue deliveries, and Supplier must propose a backlog recovery plan within 24 hours.

Not respecting quantities and date of a specific delivery, it means get less points on supplier evaluation scorecard called Global Supplier Index (please see specific chapter)

2.6. Requests for additional deliveries

Independently of weekly Delivery Plan/PO, DELL'ORTO SPA may make an additional delivery request. This may occur, in particular, when Delivery Plan/PO already issued is insufficient to meet sales volumes or in event of quality problems. In that case supplier has to give a feedback to DELL'ORTO SPA as soon as possible about possibility to satisfy this additional request.

2.7. Deliveries in excess

Deliveries in Excess are those received without a CO. They may be subject to return with costs to be borne by Supplier according to the General Terms of Purchase (point 4 and 7). Supplier has 15 days to recover his parts at his own charge, or if Supplier does not wish to retrieve parts, he must apply for scrapping at his own cost, or can be agreed a postponement of payment, in line of original Delivery Plan/PO.

In case of a return note, administrative fees will be charged to Supplier.

2.8. Guideline for Minimum Order and Order Lot definition

Re-order quantities policy defined by DELL'ORTO SPA is following.

- 1 week's sales for fast-moving parts (about 12% of parts, which represent 90% of DELL'ORTO SPA turnover
- 1 month's sales for other parts.

This rule is applied to large majority of parts. In few cases where this rule is not completely satisfactory for production, logistics or cost reasons, an in-depth examination between DELL'ORTO SPA and Supplier can be undertaken to find optimum solution.

2.9. End of production, out of production, end of life

When a part is replaced with another part (or several), adoption date of change must be progressively refined by DELL'ORTO SPA through Delivery Plan.

In case Supplier has finished in stock after deliveries are stopped, they may prepare a request. Importance and ripple effect of variations between forecasts and fixed requirements will be considered in determining legitimacy of such compensation.

Any permission to stop providing a part does not in any way constitute an agreement to scrap tooling used in production of this part. All scrapping of tooling must be explicitly authorized in written form by DELL'ORTO SPA Procurement and Purchasing Department.

2.10. Global Supplier Index

On a quarterly base, DELL'ORTO SUPPLIER QUALITY shall elaborate – by ERP System - a Supplier Assessment Report to be sent by e-mail

Parameters which shall be considered while periodically monitoring the Supplier are the following:

- **BATCH QUALITY LEVEL:** it shall consider the number of Non-Compliance REPORT issued in the reference month; if the supplier has received zero NCR, such parameter will be equal to 100%; if one, the parameter will be equal to 50%; in case of more than one, it will decrease to 0%;
- **QUALITY LEVEL** based on percentage of NC parts.
- **SERVICE LEVEL:** % batches on-time delivered compared to the provided schedule (acceptable range is +/- 5 working days)

Supplier Global Rating is calculated based on a geometric average of the above indicated three parameters, respectively with 25-25-50, thus comparing Quality and Service Level. Here following the classification:

Global Rating \geq 75 (class A):

Satisfactory supplier: keep the reached level and carry out continuous improvement activities.

50 \leq Global Rating < 75 (class B)

Partly satisfactory: the supplier shall determine a corrective actions plan, sometimes required by Dell'Orto, to bring the indicator back to the higher level.

Global Rating < 50 (class C)

CRITICAL SUPPLIER/ NOT SATISFACTORY: the supplier has to determine and submit to Dell'Orto a corrective action plan; a Dell'Orto audit will evaluate the efficacy; in case of never ending and insufficient quality level and/or service, Dell'Orto may stop the deliveries

3. RECEIVING PROCESS AND PACKAGING

3.1. RECEIVING PROCESS

The receiving and booking process is completely in charge of Dell'Orto spa. Supplier has to follow and fulfil the following Logistics Specification in order to avoid bottlenecks or delays in the supplying process.

3.2. REQUIRED DELIVERY DOCUMENTS

The Supplier is responsible to provide all necessary documentation for transportation, receiving and booking process, in a clear, comprehensive and complete form.

In particular, the delivery note must always accompany the goods and be easily accessible.

The following data have to be compulsorily indicated in the delivery note:

- 6-digit Supplier code
- Supplier company data
- Customer company data
- Forwarder company data
- Delivery note number
- Delivery note date
- Purchase Order
- **Dell'Orto SPA Part Number + Drawing Version**
- Part description
- Quantity of delivered parts
- Date of collection
- Unloading point
- Delivery address
- Total number of loading units
- Total volume of the shipment
- Total weight of the shipment
- Material expiring date (if applicable)
- Dangerous good UN number (if applicable)

In case of Shipping plant located in one of the Extra-EU, the Supplier is obliged to perform all necessary customs export operations and provide to Dell'Orto SPA Administration Department all requested related documents. In case of a Commercial Agreement between UE and the country involved, the Supplier has to arrange the related document or declaration proving the Preferential Origin.

3.3. LABELING

Dell'Orto spa requires that all containers received have attached to them a "Delivery Label". The label must be black printed on a white card. In all cases, labels must be in a position so that they can be clearly visible at all times.

The Supplier must identify each container with a GTL (Global Transport Label) showing the following mandatory data on the label:

- 6-digit Supplier code
- Supplier name
- **Dell'Orto SPA part number + Drawing Version**
- Part description
- Quantity delivered
- Supplier delivery note reference
- Material expiring date (if applicable)
- Dangerous good specific symbol (in case of dangerous good)
- Supplier batch number

In case of dangerous good, the container must be identified as well with dangerous good marking and labelling: UN number, primary hazard label and subsidiary hazard label (if applicable) and other marks prescribed.

3.4. TRACEABILITY REQUIREMENTS

Supplier, as per its own ISO Certification type, must have a robust system for traceability of components or lots.

In each delivery, production lot has to be declared on delivery notes and on every single label that identify every single pallet or box.

In a single standard container is allowed to put only material of single production lot.

In every moment Supplier must be able to link every single delivery note to the specific production lot.

3.5. PACKAGING REGULATION AND DEFINITION

Dell'Orto SPA shall establish for every part number a packaging agreement with the Supplier in the form of a Packaging Data Sheet. The Supplier is committed to optimise the packaging of the parts (quantity, density protection and separator) as well as the packaging and removal processes according to the General Terms of Purchase, point 6).

Packaging agreements are binding.

In case of dangerous good, the packaging must be of a type approved according to dangerous goods

regulation and must be labelled with UN number, primary hazard label and subsidiary hazard label (if applicable) and other marks prescribed.

For dangerous materials the respective, applicable national, and international regulations and laws are to be observed.

In case of expiring materials, the parts in a single container must have the same expiration date.

According to Supplier advice, a dedicated inlay (carton separator, plastic tray,..) or protection (bubble wrap or plastic bag, foam, ESD protection..) has to be quoted and developed to guarantee the quality of the parts during transportation.

The Supplier is obliged to deliver with standard or special container starting from SOP.

The Supplier has to define the cost and the concept for a Backup packaging solution.

The Backup concept must be approved by Dell'Orto SPA.

Backup containers must be used if series containers are not available. In this case all costs (backup containers, additional handling, additional transport) will be paid by Supplier if the delay is caused by the Supplier. The same requirements of series packaging (dimensions, stackability, pieces per container, part protection, special inlay,..) have to be respected also for Backup solution.

Delays in delivering due to standard containers unavailability are not accepted by Dell'Orto SPA. The delivery date must be ensured by adopting the Backup solution. Every delivery with Backup packaging has to be reported in advance by the Supplier to Dell'Orto SPA Logistic Division.

The packaging, standard or special container and the relative protection or inlays, together with the number of pieces per each container, must be approved by Dell'Orto Logistic Division.

3.6. SHIPMENT QUALITY

The Supplier shall ensure that the supplied materials are packaged in such a way that the parts can enter Dell'Orto spa manufacturing processes in accordance with agreed quality requirements. The shipments to Dell'Orto SPA have always to respect quality standards for the material safety in order to avoid any damage during transport and material handling.

Packaging must meet the accepted technical regulations. Statutory rules on health and safety at work and environmental protection shall apply to all packaging.

The type of container to be used by the Supplier and details regarding ownership of the container are set out in Data Packing Sheet.

The containers provided shall be properly cleaned out before despatch (i.e. papers, labels, pieces of packaging have to be removed). In order to avoid parts becoming mixed up in the process, only the latest goods label must be on the container. It's Supplier responsibility to ensure that containers are kept clean and fit for purpose, to ensure the delivered quality of the components.

It's Supplier responsibility to verify the conditions of the containers before dispatch. In case of damaged containers, the Supplier is not allowed to use them and has to advise Dell'Orto SPA Logistic Division.

In case of a single KLT to be shipped, it must be covered with a lid or a carton sheet fixed to the container. In case of several KLT in one shipment, the one on top must be covered with lid or carton and the shipment has to be secured with strapping. Furthermore, a KLT module has always to be covered with standard lid or special if foreseen.

In case of delivery with carton box, when allowed, the container must respect the following

In caso di stampa la copia è da ritenersi non controllata, pertanto è necessario verificare l'aggiornamento nell'apposito Sito Intranet
Any printed/soft copy of the document is UNCONTROLLED. For current revision, go to Intranet Site.

requirements:

- 3 waves cardboard boxes are to be used
- the pallet is always to be used and it must have the same dimensions of series pallet
- the container has to be covered with separate lid
- the dimensions of container are to be proportioned with parts inside
- technical data are to be in evidence
- the container has to respect the same dimensions of standard or special containers
- the stackability of containers is always to be guaranteed