

0. Introduction

The purpose of this procedure is to ensure that both the supplier and GOTEC benefit from a smooth and timely delivery of projects free from any logistic or quality issues. Therefore, a reliable logistic system must be agreed and put in place throughout the whole material procurement process. This document outlines the requirements set out for suppliers by each GOTEC location to guarantee reliable and continuous deliveries. The requirements are the minimum standards expected of all suppliers who must comply with them at least on commencement of any standard delivery project.

Every supplier is responsible for the implementation of the requirements and taking such steps as may be necessary to ensure permanent security and continuity of deliveries at all times. It is a responsibility of each supplier to ensure that raw materials are always available and the catalogue of requirements is fully satisfied.

1 Aim

This standard sets out the requirements for the procurement of production materials to satisfy the logistic policy of all the GOTEC companies, branches, operations and/or sites and ensure flawless and non-colliding processes in the following areas:

- quantities required by GOTEC,
- delivery times and dates requested by GOTEC,
- destinations/receiving points requested by GOTEC,
- agreed quality and execution,
- required documents and marking/labelling.

2. Scope of application

This instruction is a supplement to the current framework agreement! This instruction shall apply to any and all parts.

3. Terms, definitions

None.

4. Delivery of goods

4.1 Labelling and accompanying documents

Suppliers are responsible for providing goods with labels and accompanying documents. The following minimum information is required:

- VDA tags provided with VDA bar codes including the following minimum information:
 - GOTEC item number
 - name
 - quantity and packaging unit, if a delivery is not complete it must be divided into X units
 - tare weight shown on a weighing receipt or a label on a packaging unit if palettes an/or KLT cases are used or similar auxiliary elements
- supplier's batch number to ensure traceability
- name of supplier
- weighing receipt from an approved scales including tare, net, gross and unit weights of a single packaging unit
- delivery specification in compliance with DIN 4991; must clearly correspond to each packaging unit.

4.2 General requirements for delivery of goods

- Quality control allows for +-2% tolerance unless otherwise agreed.
- Packaging must be stable and suitable for stacking.
- Packaging may not exceed the dimensions of the standard 800x1200 mm palette.
- Disposable packaging shall be collected by suppliers. Otherwise it shall be recycled at the supplier's expense.
- Reusable packaging shall be returned to suppliers for refill at the supplier's expense unless otherwise agreed.

4.3 Contingency plan

To ensure smooth deliveries to GOTEC contingency and/or emergency solutions must be developed, agreed with all parties concerned and submitted to GOTEC. A contingency plan is subject to regular updates. Contingency and emergency solutions and personnel training is particularly required in the case of:

- o data processing failure
- o raw material sourcing failure/outage
- o production break down
- o delivery failure
- o transport process breakdown.

Each supplier is responsible for technical integration of its systems.

4.4 Access to contact people

An authorised German and/or English speaking contact person shall be available and accessible on the part of each supplier during the business hours of GOTEC. Emergency telephone lines shall be operated after the normal business hours and such telephone numbers must be made available to GOTEC. Each supplier shall be accordingly represented by its authorised agent. In addition, 24hr/7day a week availability and accessibility shall be maintained via such communication tools as necessary.

4.5 Delivery schedule and phasing

Calls for delivery usually cover more than one item and specify quantities and dates/times of delivery. The date and time specified in a call for delivery is the date and time at which goods enter a GOTEC site during the normal delivery/receiving hours. Each supplier may access the information on delivery/unloading times at the raw material entry/dispatch department of each [GOTEC] site.

4.6 Transparency and clarity

To ensure transparency and clarity, calls for delivery must be verified for quantities, dates, time and base data (unloading point, containers, container volumes). All data should be entered into the supplier's system automatically immediately after verification. Objections must be clarified with GOTEC.

4.7 Updating purchase orders

Any foreseeable delivery hold-up which may affect delivery timing and quantities must be immediately reported to a GOTEC authorised officer. In the case of any pending back orders special action must be taken to eliminate the backlog. GOTEC must be immediately advised on the cause of the backlogs, action taken, quantities and dates. Information must be given both by telephone and in writing (facsimile, email).

4.8 Supply reliability

Suppliers should carry out deliveries in accordance with agreed time schedules and quantity specifications. Partial deliveries, early deliveries, deliveries of extra quantity or additional deliveries are acceptable subject to prior approval by GOTEC only if the supplier agrees to pay all additional costs incurred in relation to such deliveries. To monitor the rate of successful deliveries and promote the development of logistics, GOTEC shall monitor the reliability of supplies. In the event of a failure to satisfy delivery time schedules the supplier is liable for damages incurred by GOTEC or its customers as a result of exceeding the agreed dates and times.

4.9 Transparency of production capacity

Prior to any production planning, transparency must be ensured in respect of total production capacity, individual line capacities and individual product capacities accounting for the total quantity ordered by GOTEC. If the available production capacity is expected to be exceeded GOTEC must be immediately advised so (cause, action, quantity, dates, KVP) by telephone and in writing (facsimile message, e-mail). Each case / product family must be guaranteed a sufficient production capacity which is specifically dedicated to GOTEC. Each production line must have defined crisis-management paths and secured its critical areas in terms of production capacities.

4.10 Flexibility in production capacity

In the event of increased demand it is necessary to provide information about flexibility of the production capacity (in short- medium- and long-term perspectives) in relation to each situation and/or product family. This information must be provided without any demand. All the necessary actions, time of implementation/lead time, costs and related percentage increases of the production capacity must also be communicated. It is expected that a short-term increase in the production capacity is possible in accordance with the framework agreement.

4.11 Production-chain supply / Handling backlogs

Each supplier should ensure that all material replacement risk is eliminated and the FIFO rule followed at all times in the process of raw material sourcing and the storage of semi- and finished products. Supplier must be able to demonstrate a continuous transparency of work in process.

All production backlogs must be immediately identified and the necessary action must be taken to improve the status.

4.12 Finished material stock

Finished material stock volumes must be agreed for at least 2 weeks subject to the frequency of deliveries and internal batches. Each supplier is expected to ensure the continuous visibility / transparency of finished material stocks. It is necessary that any risk of altering materials be eliminated and the FIFO rule followed as materials are supplied and stored.

4.13 Containers

The rules of the "Container Management" manual and all the GOTEC packaging regulations must be followed. It is each supplier's responsibility to ensure that parts are delivered in containers conforming to the GOTEC container requirements. For this purpose, containers shall be registered as empty or full. If packaging tailbacks are expected a supplier should contact in advance the GOTEC site and purchasing department concerned. Any additional container requirement (due to movement, changes in inventories, ...) must be agreed in advance with the GOTEC packaging management department.

4.14 Delivery of goods and GOTEC notification

On delivery goods must be supplied in accordance with ordered quantity, at agreed dates and times subject to shipping times. GOTEC must be advised of any disruption in the dispatch/shipping process. Pre-arrival notification must be agreed with the GOTEC logistic team to avoid any downtime/demurrage. No such demurrage shall be charged to GOTEC.

4.7 Instruction deviations

A supplier's failure to satisfy any and every requirement is deemed logistic process deviation.

A logistic deviation shall be charged to supplies by GOTEC.

Logistic process deviations apply to:

- data quality – e.g. faulty labels, no tare, no weighing receipts
- supply reliability – e.g. excessive quantities
- supply quality – e.g. wrong parts
- packaging quality – e.g. wrong packaging
- transport quality – e.g. non-compliance with shipping regulations

5. Guidelines, notes

None.

6. Required documents

Quotation, framework agreement, terms and conditions of purchase.

7. Records / Documentation

This instruction is subject to reviews and recording. In the event of any amendments and/or alterations, the latest issue must be incorporated in the quality records. This instruction is a binding regulation valid for the minimum of 3 years effective from the date of amendment/alteration.

Instruction

Review: 01

No. Title

BARSP 13-03 Logistic Instruction

Date: 05.01.09



8. Change tracking

The quality assurance representative is responsible for the change tracking in relation of this process document. All amendments/alterations shall be introduced by the Chemical Surface Treatment Department. In the event of any process modification, the process owner shall be responsible for all the necessary communications.

9. Copies [for the attention of]

Customers.

10. Appendices/Enclosures/Schedules

None.

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