



LOGISTICS GUIDELINES FOR SUPPLIERS



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1. Introduction

Cooperation with suppliers is one of the very important and influential factors for the success of an individual company. The company Iskra Mehanizmi strives to achieve good business communication and operation without any problems, which may have arisen in the case of the lack of definition and specification of the basic elements of cooperation with suppliers.

The Logistics Guidelines represent a document prepared with the purpose of the exact definition of requirements both for the buyer, Iskra Mehanizmi (hereinafter: IM), as well as the supplier. Therefore this document lists and explains the rules and requirements that need to be followed in business operations. A successful cooperation may only be achieved by both parties following the standardised requirements.

- **However, the Logistics Guidelines shall be superseded by the Supply Chain Document, signed upon the start of cooperation between the supplier and IM.**

1.1. The purpose of Logistics Guidelines

- Satisfaction of IM and the supplier
- Unobstructed cooperation between IM and suppliers
- Reducing complexity and increasing flexibility
- Process synchronisation
- Reducing the management costs and simplifying (unifying) the flow of material
- Ensuring process safety
- Adequate protection of components in order to minimize any damage
- Shortening of flow time
- Continuous improvement along the entire chain (the entire supply chain path)



1.2. Definitions

IM	Iskra Mehanizmi
SUPPLY CHAIN DOCUMENT	Logistics agreement between IM and the supplier
IDENT	Material and packaging code
TRANSPORT UNIT	A pallet
BASIC OUTER PACKAGING	A plastic case, a cardboard box
EDI	Electronic data interchange
NP	Inner packaging
PDA	Packaging specification
ESD	Electrostatic Sensitive Device
FIFO	First-In-First-Out
INCOTERMS 2010	Contracts for transport of goods
STANDARD ISO 14001	Environmental standard
KLT	Plastic box

Prior to the first batch supply the supplier must harmonise with Iskra Mehanizmi the following points defined in the Supply Chain Document and Packaging specification (PDA):

- Logistics Guidelines signed by the supplier
- Any necessary additional agreements concluded
- Presentation of annexes to the agreement by an individual supplier
- Agreement on the supply terms in accordance with valid INCOTERMS
- Agreement on the packaging and the quantity of packaging in circulation
- Agreement on the ownership of the packaging
- Agreement on data integration (EDI)
- Designation of contact persons and responsible persons
- Submission of the emergency plan by the supplier
- Agreement on the introduction of changes



2. Communication between the supplier and IM

The supplier must at the very beginning state a contact person, who is responsible for cooperation with IM in the field of logistics (name, e-mail, phone number) and his/her substitute in the case of replacement or absence within 5 days latest.

The contact person must be reachable every working day of the week, and the supplier must also define the daily availability, which must at least partially match the working time in IM (7am–3pm). It is desirable that the supplier provides a person and e-mail/phone number for emergencies.

Communication should be in Slovenian, and in the case of international operations communication in English shall be presumed.

3. Packaging

The packaging and packing represent important factors in logistics processes. A suitable packaging and packing process represent the condition which must be fulfilled in order to achieve uninterrupted course of logistics processes.

When planning the packing it is important to take into account the economic, environmental and logistics principles and to work towards the achievement of the following goals:

- Use of a minimum quantity of packaging (the minimum required for the protection)
- Multiple use of packaging (reusable packaging → minimum possible share of non-reusable packaging)
- Environmentally friendly recycling of returnable and non-returnable packaging (environmental standards ISO 14001)

3.1. Requirements for the packaging

- Supply of undamaged products
- Optimal rate of filling of the packaging
- Observance of the prescribed standard dimensions and weights
- Usage of recyclable materials
- Minimum usage of non-reusable packaging
- Proper labelling of the packaging in accordance with the requirements stated below
- Reasonably designed packaging units
- The possibility of stacking the units (on top of each other)
- Safety of transport
- Easy handling of packaging units by means of industrial transport machinery
- Non-problematic manual handling of packaging units



3.2. The process of packing definition

- At the start of each project IM sends to the supplier a filled-in PDA document containing the basic requirements for packing of an individual material.
- The supplier then supplements the PDA document for the purpose of packing of an individual material. IM reviews the proposal, and adds any changes/proposals. In the case of defining/confirming the packing of sensitive products or products with special characteristics the supplier is obliged to point those out and state them in the packing requirements in the PDA document.
- For the purpose of final approval of packing the supplier must, based on the agreement, send a sample shipment to IM. The sample shipment must be visibly defined as SAMPLE.
- Prior to the start of operations both parties must agree on the packing process, which is confirmed by the signed PDA document. If the supplier does not submit a written objection to the defined packaging, the latter is considered as approved and established for an individual product within 5 working days.
- Once the packaging for an individual product is defined, it must be used in further operations until the conclusion of an agreement on changes or new provisions.
- IM reserves the right to request a change of packing at any time.

3.3. Alternative packaging

Alternative packaging is defined according to General Quality Agreement (Chapter 10.6 Deviation notification)

3.4. Returnable packaging code

- Returnable packaging shall be recorded under a 7-digit identification code stated in the PDA document
- If the suppliers have their own packaging, they must prior to the start of conducting business with IM obtain a code for returnable packaging, which will be used in operations.
- The returnable packaging code is obligatory and must be stated on each individual delivery note/shipping document attached to the supply to IM



3.5. Use and financing of the returnable packaging

At the start of operations the supplier must bring the use of the returnable packaging in line with IM. Essentially IM is responsible to provide the returnable packaging, unless defined otherwise in the Supply Chain Document.

In the case it is defined in advance that IM is the owner of the packaging, such packaging units may only be used for the operations involving IM.

3.6. Returnable packaging operations

- At the start of operations, the supplier and IM jointly set the quantity of the returnable packaging that must be in circulation during operations.
- The supplier is responsible for keeping inventory of the returnable packaging and must at the end of each month report the stock of packaging at his location.
- If IM is the owner of the packaging, IM reserves the right to request at any time a physical stock taking of the packaging by the supplier.
- In the case of interruption or reduction of supply by means of returnable packaging the supplier, which holds the packaging that is not needed, is obliged to return the latter free of charge.
- In the case of any problems with providing the required quantities of packaging in circulation the supplier is obliged to immediately inform thereof the contact person in the Supply Logistics Department and promptly suggest the solutions, as well as provide regular supplies at the latest within 3 days of submitting the notice.

3.7. The costs of damaged or lost returnable packaging

If supplier damage or lost returnable packaging, when IM is the owner, he must cover all the costs of damage.

3.8. Transport of empty returnable packaging

IM shall provide to the supplier a suitable empty returnable packaging at the pre-defined time in the IM warehouse. The need for the returnable packaging must be communicated by the supplier at least 5 days prior to the required delivery (e-mail, order form). The supplier is responsible for the transport of empty returnable packaging, unless agreed otherwise.

3.9. Cleanliness of the returnable packaging

Empty returnable packaging must be cleaned prior to filling. Cleaning must be performed by the supplier in accordance with the required cleanliness of the product, unless agreed otherwise in the Supply Chain Document. All packaging elements must be thoroughly washed, dried and serviced in the manner as to ensure good general condition and suitability for use.

- The packaging must be completely dry
- No traces of oil, glue, dust etc. on the packaging
- The packaging must not contain debris, leaves, litter etc.
- The packaging must not be rusted (in the case of mesh and steel cases etc.)
- It is necessary to remove from the empty packaging any identification markings of goods that were in the packaging prior to cleaning.

3.10. Dimensions and weights of packaging units

For the general purpose of providing the supply and transport without any unnecessary errors the basic rules or requirements apply:

- Stability of packaging units (the quality of the packaging, suitably chosen shape and volume of packaging units)
- Suitability of packaging units for stacking
- Possibility of loading with industrial transport machinery

Dimensions and weights must be stated in metric units (mm, kg). The basic measurements of a transport unit – pallet are 1,200 x 800 (LxW in mm) and represent the standard in IM. Max dimensions of a transport unit – pallet are 1,200 x 1,200 (LxW in mm).

The maximum height permitted in the supply of transport units (pallets) is **1,250 mm** and the maximum gross weight of a single transport unit is **1,000 kg**.

The maximum dimension of an individual basic outer packaging (KLT, cardboard box) is **600x400x320 mm**. The maximum weight of an individual basic outer packaging (KLT, cardboard box) is **600x400x320 mm**.

If it is not possible to follow the above mentioned standard, a special agreement between the supplier and IM is necessary, which must be stated in the PDA document.

3.11. A catalogue of returnable packaging

The catalogue of packaging defines the returnable packaging acceptable for IM. All the packaging that is not within the standard must be harmonised and approved in the process of the PDA document approval.

IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000263	ZABOJ 4308	400x300x78	354x253x59	0,774



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000264	ZABOJ 4312	400x300x120	365x265x105	0,816



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000267	PLASTIČNI ZABOJ 6412	600x400x120	555x354x102	1,61



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000270	ZABOJ 4308 ESD	400x300x78	355x255x59	0,7



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000269	ZABOJ 4312 ESD	400x300x120	357x257x102	0,7



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000550	ZABOJ 6412 ESD	600x400x120	557x357x102	1,7



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000347	KARTON 63294 388X233X136	388x233x136	378x223x126	0,2



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000390	KARTONSKA ŠKATLA 560X360X180	560x360x180	550x355x175	0,5



IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000729	A BOX KARTON 106064	590x390x400	580x380x390	1
				

IM KODA EMBALAŽE/ IM PACKAGING CODE	NAZIV/ NAME	ZUNANJA DIMENZIJA(mm)/ OUTER DIMENSIONS(mm)	NOTRANJA DIMENZIJA(mm)/ INTERNAL DIMENSIONS(mm)	TEŽA(kg)/ WEIGHT(kg)
1000682	VRAČLJIVA IM PALETA	1200x800x150	/	10
				

4. Labelling

4.1. Suppliers NOT using Web Edi

At the time of supply each packaging unit must be labelled in accordance to the requirements of IM. The label must contain the following data:

- The name of the supplier
- IM part number
- The name of the product contained in the packaging unit
- The quantity contained in the packaging unit
- The weight of the packaging unit (kg)
- Batch, when required
- Production date

Dobavitelj/Supplier	
Koda IM / IM part number	
Naziv / Part name	
Količina / Quantity	
Teža / Weight	
Sarža / Batch number	
Datum proizvodnje / Production date	

Figure 1: Sample label

- The label must be attached to the shorter side of the base outer packaging (such as a plastic container, a cardboard box).
- Likewise, the transport unit (a pallet) must be labelled with the required label attached to the shorter side of the pallet. A single transport unit may contain only one product and one batch. Deviations are permitted only in accordance with the agreement with IM, which has been approved in the Supply Chain Document. Such a transport unit must be labelled with a label containing the following text: **MIX**.



- The supplier must attach the label in such a manner as to prevent falling away of the label during transport and handling. Prior to each use of an individual packaging the supplier must remove all labels referring to the materials that have been previously packed in the packaging concerned.

4.2. Suppliers using Web Edi

Suppliers must create inbound delivery at least 24 hours in advance. After saving inbound delivery, labels will be created and printed in PDF format automatically (for internal - PAC and external - PAL packaging units). Delivery must be marked with both labels.



PAL



102192926

Ident: **126844**

Količina: **8.000,000 KOS**

Naziv: **OHIŠJE LEŽAJA MS
MUZ5 VER.01**

Šarža:

Dob. šarža:



102192896



102192897

Ident: **126844**

Količina: **800,000 KOS**

Ident: **126844**

Količina: **800,000 KOS**

Naziv: **OHIŠJE LEŽAJA MS
MUZ5 VER.01**

Šarža:

Naziv: **OHIŠJE LEŽAJA MS
MUZ5 VER.01**

Šarža:

Dob.
šarža:

Dob.
šarža:



5. Traceability

If traceability is required, each packaging unit, supplied to IM, must be labelled with a batch number. **Each individual unit (pallet) may only contain one batch.** Deviations are permitted only based on a prior additional agreement with IM, which has been approved in the Supply Chain Document.

In the case of problems in respect to the quality the supplier must provide to IM the possibility to access the information on the production origin of goods and materials. Based on the batch number the supplier must be able to determine the production conditions under which the goods or materials were produced.

The supplier must also be able to provide to IM the information on all products or batches where the same problem might have occurred due to the production of these products.

A systematic presentation of batch distribution is of essential importance and IM reserves the right to, upon the announcement checks in a form of an assessment the fulfilment of the defined requirements. The supplier must follow these provisions for its own suppliers too, in order to ensure a full traceability.

A batch number must be stated in the supply documents and on the label.



6. Supply ability planning

The supplier has an exclusive obligation to plan the supply ability and the required capacities in terms of production, storage and purchasing of all the required parts and materials, as well as to plan stocks (including the agreed safety stocks) of end-products. Planning shall be based on the agreement between the supplier and IM, which is stated in the Supply Chain Document. The supplier must be able to provide the supply in accordance with the agreement at any time.

The supplier and IM undertake to inform each other in a timely manner in cases of extraordinary circumstances (e.g. start/stop of production, changes of materials and delivery times), where the expected changes of requirements are not yet evident from the orders, and to agree on the necessary adjustments. The supplier must ensure to fully adjust the changed requirements with its sub-suppliers and, if necessary, to establish contractual relations in terms of the fixed ordered quantity or production permits.

The supplier must inform in a timely manner the competent vendor in the Purchasing and Logistics Department of IM about all the problems that might lead to problems with supply and present alternative supply options and the emergency plan.

7. Supply

IM and the supplier must at the very beginning of operations agree on the minimum order quantities, safety stocks and the minimum supply quantity as well as the modality of supply.

If the supplier has a planned collective leave, shortened working week or any other foreseen production limitations, it must regardless provide the supplies within such a period. Advance supplies are generally not accepted or they must be previously agreed upon with IM in writing. It must be ensured that a contact person responsible for supplies is always available at the supplier.

7.1. Ordering process

IM sends orders for individual material via e-mail, EDI, webEDI. An electronic order without a signature is a valid document.



7.2. Order confirmation

The supplier must confirm the received order in writing within 1 working day. If the supplier fails to provide a response, the order shall be deemed as confirmed.

If the supplier fails to inform IM about any deviations, the latter may, due to the economic damage caused, claim related costs (due to the standstill of production, loss of capacity, delayed supplies to end customers).

7.3. Inbound delivery

Prior to the delivery of a shipment to IM the supplier must send to the contact person in the Supply Logistics Department of IM a document on the supply in electronic form. (e-mail, EDI, webEDI) In absence of a prior notification of supply the acceptance of goods will not be possible.

7.4. Supply deadlines

The supply deadline is always stated in the order as the deadline for supply at the location of IM. This applies unconditionally for all supply terms. The supplier is responsible for a timely dispatch of the goods in order to meet the supply deadline. If necessary, the competent vendor in the Purchasing and Logistics Department of IM must be notified to take into account in the supply deadline the duration of transport.

The supplier must fulfil the supply deadlines stated in the order or recalls. IM must be informed of all deviations in writing.

7.5. WebEdi

The portal is intended for dealing with suppliers and optimizing the ordering and delivery processes. Suppliers will be able to access up-to-date orders, forecasts and create the documentation needed for their shipments to Iskra Mechanizmi. Access to the portal is through an internet website.

Suppliers shall check orders, confirm them and create ASN (at least 24 hours before delivery to Iskra Mechanizmi).



Purchase orders

Start date: 31.07.2020 End date: 31.07.2020

Document	Item	Material	Name	Supplier material number	Quantity	Unit	Delivery date	Confirmed	Delivery note	Finished	
<input type="checkbox"/>	4500088553	00010	124137	ATTACHMENT FACE FRONT EMERALD	422210044532	1,301.000	PCS	31.07.2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	4500088553	00020	124124	ATTACHMENT BIKINI FRONT EMERALD	422210044422	612.000	PCS	31.07.2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	4500088553	00030	124115	ATTACHMENT ARMPIT FRONT EMERALD	422210044342	811.000	PCS	31.07.2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	4500088553	00040	124102	ATTACHMENT BODY FRONT	422210044212	741.000	PCS	31.07.2020	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

All deliveries must be marked with labels. After saving inbound delivery, labels will be created and printed in PDF format automatically (for internal - PAC and external - PAL packaging units). Delivery must be marked with both labels.



PAL

101746551

Ident: **128020** Količina: **16,000.000 KOS**
Naziv: **ADJUSTING SCREW** Šarža: **0000070465**
Dob. šarža: **258**



101746519



101746520

Ident: **128020** Količina: **500.000 KOS** Ident: **128020** Količina: **500.000 KOS**
Naziv: **ADJUSTING SCREW** Šarža: **0000070465** Naziv: **ADJUSTING SCREW** Šarža: **0000070465**
Dob. šarža: **258** Dob. šarža: **258**

Detailed directions for use: <https://webedi.iskra-mehanizmi.si/>.



8. Supply schedule/acceptance of goods in IM

At the beginning of operations IM and the supplier shall agree on the supply schedule and the defined time frame for goods acceptance.

The supplier announces the shipment through the web site with his username and password. The ASN must contain: the registration number, the name and surname of the driver, the date and time of unloading, and the number of pallets.

If not agreed otherwise, this shall be on every working day of the week between 6am and 2pm.

If the supplier changes the schedule of acceptance of goods, which consequently threatens the schedule of supply to IM, the supplier must adjust the change in advance with a competent person in the Purchasing and Logistics Department of IM.

IM reserves the right to change the supply schedule at any time. All changes must be confirmed in writing.

9. Supply documents

Each supply must be accompanied by a delivery note. Depending on individual specific requirements, additional documents may be defined in the Supply Chain Document (such as certificates, an invoice, measurement reports, a declaration of conformity of shipments etc.).

9.1. Delivery note

A delivery note (a hard-copy or in electronic form) must contain the following information:

- Name of the supplier
- Date of issue of the delivery note
- The number of the delivery note
- Material-specific data:
 - Order number
 - IM material code and name
 - Quantity
- The number of pallets/packaging units
- Returnable packaging (if it is used)
 - IM packaging code and name
 - Quantity
- Shipment weight (gross, nett)
- Delivery address/location
- Batch for each individual material (if required)

Delivery notes must be handed over at the point of acceptance of goods in IM and serve as identification. Shipments without delivery notes will not be accepted.



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<http://www.iskra-mehanizmi.si>
Referent: Lidija Vidoč

Shipping Address	Partner: 5127	Delivery Note No. 80165496
<i>BUYER SHIPPING ADDRESS</i>		Lipnica 13.06.2017 Purchase Order No. 5500046427 Purchase Order Date. 05.06.2017 Sales Order Number 113433
		Page 1 of 1

Invoice to
<i>BUYER ADDRESS</i>

Incoterms: DAP
Mode of dispatch: Truck
Reg. No.:

Packing: 7 paletten

Gross Weight 1.400,00 KG
Net Weight 1.380,40 KG

Shipping Details		
Pos	Material Description	Quantity
0010	124681 HEAT SINK MLS BI-LED PASSIVE <i>Revision: AA/70</i>	
	0007693008	4.800 PCS
	0007692525	2.400 PCS
	0007693126	1.200 PCS
0020	1000512 EURO PALETA	7 PCS
0004	1000716 KLT ZABOJ 6428-MODER	84 PCS
0006	1000717 INTERMEDIATE LAYER	420 PCS
0007	1000517 PLASTIC COVER BLUE	7 PCS

ID-število 516523245, MZB03 število 6025498000
ISO 9001, ISO 14001, ISO TS 16949, ISO 13485



Figure 2: Delivery note

9.2. Certificates

When required, the original certificate for the supplied material must be attached to the shipment, and send a copy by e-mail to the agreed contact person (inbound control). A shipment without the certificate supplied will not be accepted.



10. Supply methods (supply classes)

The supply method shall be set at the beginning of operations and shall be defined in the Supply Chain Document.

Due to various procedures and requirements in relation to the logistics processes several supply classes are defined in IM for various schemes.

The following supply classes are possible:

- Orders
- Call – offs (frame orders)
- Kanban at the supplier
- Consignment
- VMI (Vendor Managed Inventory)



11. Product life cycle (faze in and faze out)

At the start of operations it is necessary to define the management of rolling out and termination of a product. By doing so, IM wishes to ensure uninterrupted supply. Upon termination we wish to avoid the costs of non-current material.

11.1. Faze in of new products

When fazing in of new products, IM and the supplier must define the following:

- Contact person
- Time schedule
- Start-up/quantity curve
- Supply terms/supply class
- Payment terms
- Transport concepts
- Packaging concepts
- Information data flow – communication
- Documents attached to the goods
- Capacities
- Guidelines, contracts, agreements etc.

11.2. Product change management

The supplier shall be informed about the changes of products by the responsible purchasing officer in IM, who manages the change process between the supplier and IM.

11.3. Faze out of a product

The main guideline in the process is 'not to have any non-current stock' or stock value. The supplier is responsible to keep the available stock as to fulfil orders or recalls based on forecasts.

xx (e.g. 4-5) months prior to the actual termination of the product (material), the supplier will be informed on the start of the process. Within this time the supplier shall check the existing safety stock and opened orders in order to use up the material by the end of



production of the product (material). The first estimate of the potential non-current product (material) must be forwarded to the buyer (IM).

Xx months (e.g.2-3) prior to the actual termination, the production in IM shall be fixed, which consequently leads to the fixation of orders/recalls in relation to suppliers. Within this time the supplier must send a list of non-current materials (table) together with a proposal for additional production of products (material) aimed at the reduction of value of non-current stock.

1 month prior to the actual termination the supplier shall send an updated list of non-concurrent materials including a proposal for the production of additional quantities.

Upon termination of production the supplier shall send the final list of non-current material, which represents the basis for destruction of the product (material). The list must be reviewed and adjusted both by IM and the supplier.

If needed, the recall quantities towards the end of production may fall below the minimum purchase quantity and the supplier must observe these recall quantities or reach an agreement relating to these with IM.

The supplier must ensure that the tools are not moved or destroyed in any circumstances without an agreement of IM, and at least once a year forward to the responsible person in IM the inventory of tools. After the termination of serial production the supplier must provide post-production capability of supply for the required products within a time period agreed upon with IM.



12. Transport

12.1. Transport arrangements

The costs of transport, liability and insurance shall be set based on valid Incoterms at the beginning of operations.

IM reserves the right to change the parity if the supplier does not stick to what has been agreed or on the cases it has been established that the existing concept does not provide optimal routes or related costs.

12.2. Collection of products at the supplier when transport is organised by IM

At the time of collection at the supplier the ordered quantity of products must be ready for transport. The duration of collection of products must not exceed 2 hours.

Loading must be conducted in a safe and quality manner in order to ensure a quality transport and final delivery to IM.

If, due to the fault of the supplier (e.g. delayed production), the carrier authorised by IM is unable to collect the shipment on time or has to deliver a smaller shipment than declared to prevent jeopardising the schedules or delivery deadlines, the supplier must at its own initiative and costs arrange and carry out a special transport to ensure timely delivery of goods.

If the supplier does not have in stock the agreed material (the carrier is unable to collect the goods) and this shortage causes a standstill of production, IM reserves the right to charge to the supplier the direct costs of the productions standstill.

12.3. Information exchange

In case the supplier organize transport, supplier is obligated to provide on IM's request the 'tracking number' of the consignment and contact details of the carrier (declaration of the carrier/transport) or provide the information where the delivery is located.



12.4. Disruption in the transport process

The supplier must inform as soon as possible a suitable contact person in IM about any alterations or disruptions in the transport process. Reasons for disruption and alterations must be defined.

12.5. Early or late supplies

The supplier has the right to carry out partial, early or additional supplies exclusively based on the prior written agreement of IM. If the supplier delivers the products in contravention of this provision, IM reserves the right to charge any additional costs incurred (storage and handling), and the payment deadline for early deliveries of goods shall start on the originally agreed date of supply.

In the case of late supplies IM reserves the right to charge any costs (the costs of production standstill in IM and at the customer, additional transport etc.).

12.6. Supply of dangerous products

The supplier must hand in the products for transport in accordance with the regulations on dangerous substances.

The supplier shall be liable for all damages incurred due to the violations of legal provisions.

12.7. Return of products

The return transport of products shall be arranged by IM and the costs covered by the supplier (e.g. in the case of complaints, excessive stock), unless agreed otherwise.

12.8. Additional transport

In the case of bottlenecks or late scheduled supplies by the supplier the latter must ensure that the supplies to IM are kept on track by means of partial supplies, extra transport and additional production measures at its own costs.

13. Customs

Customs documents/invoices must bear the following information:

- the value of goods
- parity
- the quantity of goods
- the quantity and type of packaging
- gross and nett weight
- currency
- customs tariff
- payment deadline

Customs documents must be prepared in accordance with current legal provisions.

13.1. Declaration of origin of goods

The supplier must issue a proof of preferential origin of the product for each separate shipment or, if agreed, a long-term declaration of the supplier by mid-January for the current business year.

IM reserves the right to charge to the supplier all costs and levies incurred due to the incorrectly declared origin of the product or incorrectly filled-in declaration of the supplier on the internal market for the products with preferential origin of product.



14. Quality

14.1. Rules and requirements

General quality requirements are stated in the Quality Agreement document, and logistics requirements are stated in the Logistics Guidelines and in the documents Supply Chain Document and PDA, which must be signed by the supplier.

14.2. Quality related complaints

Quality related requirements will be agreed in separate documents.



14.3. Discrepancies in logistics

Any errors caused by not following these guidelines or special agreements between IM and the supplier cause additional costs and process disturbances in IM. This may result in a logistics related complaint or a lower score of supply reliability.

14.3.1. Basis for logistics related complaint:

No.	Type of error
1.	No notification of supply
2.	Incomplete or wrong delivery notes
3.	Incomplete or wrong consignment notes
4.	Wrong labelling (labels attached to wrong places, wrong labels, illegible labels etc.)
5.	Incomplete or wrong markings on containers/packaging units
6.	Incomplete, wrong or damaged packaging
7.	Supply outside of the defined times or places of supply
8.	Supply without an order
9.	Discrepancies of quantity (insufficient/excessive quantity)
10.	Non-compliance with the agreed minimum and maximum limits
11.	Time-schedule discrepancies
12.	Mix-ups (a mix-up of goods in a packaging unit: different goods/label)
13.	Non-agreed form of supply

Upon submission of evidence of the costs incurred IM shall give the supplier 10 days in which the supplier may submit a written objection to the planned charges in a form of the



8D-report and attach evidence. If the buyer does not receive within this deadline an objection from the supplier, the charges are made automatically.

15. Logistics assessment of the supplier

IM shall issue to selected suppliers an overall supplier assessment. A part of the overall assessment is a logistics assessment showing the efficiency and any potential need for development of the supplier using the criteria set in item DISCREPANCIES IN LOGISTICS.

15.1. Assessment of the supplier's logistics

IM reserves the right to regularly perform an assessment logistics at the supplier intended to assess and verify the supplier's logistics system including all the logistics requirements contained in these guidelines. In regards to the aforementioned the buyer or a third party authorised by the buyer has the right to conduct an assessment of the system, process and products at the supplier.

The supplier must document the results of the conducted logistics assessment, including the planned and efficiently implemented corrective measures, and forward the same to IM on request.

Any permitted deviations from this procedure must be agreed between the parties in writing at the time of concluding the agreement.

Any deviations from this procedure must be agreed between the parties in writing at the time of concluding the agreement.



16. Emergency plan

The supplier must prepare an emergency plan.

17. Ecology

IM strives to conduct business in as environmentally friendly manner as possible, which is the purpose of the ISO 14001 standard.

18. Other applicable documents

- General Purchasing Agreement
- General Purchasing Terms
- Quality Agreement
- Supply Chain Document
- PDA