



# Corporate Supply Chain Manual

GD-064 rev.01



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## 1. Introduction

The Corporate Supply Chain Manual describes the logistics requirements in the supply process for components between HUF production plants and their suppliers.

The compliance of these requirements is an essential element to ensure an economic process and structure to satisfy our global customers. Therefore it is necessary that all our supplier cooperate closely with HUF.

With agreeing to our Corporate Supply Chain Manual the supplier agrees to HUF ´s requirements. No Individual cases or regional adjustments can be agreed.

This Corporate Supply Chain Manual is valid worldwide for all legal entities of HUF.

## 2. Communication

The supplier has to name a contact person for logistical topics as well as a suitable backup. The supplier must communicate any changes to HUF in time via Astras.

In case of supply shortage an emergency contact number shall be available 24/7 hours communication.

### 2.1 Supplier shut down

HUF expects that the supplier will be operating during the entire year without having any closure periods and cannot accept earlier shipment to cover the potential closing period. If operating during whole year is not possible, the supplier is obliged to prepare in advance all shipments scheduled within the shutdown and send them via defined forwarder to consolidation center complying with requested schedule date by HUF.

### 2.2 Electronic Data Interchange (EDI)

In principle the communication between HUF and the suppliers proceeds via EDI.

In detail: orders of production material, advance shipping notification (ASN), invoices, credit Notes should be transmitted.

For transmission following formats can be used:

- **EDIFACT** All HUF Location (acc. to procedure "HUF GROUP EDIFACT DESADV D98A V1.2.pdf" and "HUF\_OFTP2\_EDI\_Parameter.pdf")
- **ANSI** North America and Mexico
- **VDA** North America, Mexico, Germany, Poland, Romania, Spain and Portugal.

Messages considered in VDA:

VDA 4905/DELFOR	call-offs
VDA 4906/INVOIC	invoice
VDA 4913/DESADV	delivery notes and transport data



VDA 4916/DELJIT	production-synchronous call-offs
VDA 4927 (Message)	packaging movements
VDA 4938/INVOIC	credit voucher procedure

### 2.3 Advanced shipping Notification

Where applicable HUF requests the sending of an ASN in alignment with shipment dispatch and invoicing. All three tasks have to be accomplished simultaneously and without big time gaps. If the supplier sells production parts or production material from multiple manufacturers the information must be part of the delivery document and the Advance Shipping Note, if DESADV D98A Format is used. Before electronic data transmission can begin the IT departments of the supplier and HUF define all necessary parameters in a trading partner agreement.

## 3. Planning and Forecasting Process

### 3.1 Forecast

The forecast shows future needed demands for every part number by supplier. The forecast is a part of the call-off but does not entitle to supply. This is applicable in supply from overseas as well as local supply including all shipping modes.

The Forecast can include a horizon between 3-24 Month.

### 3.2 Safety Stock

If a safety stock is arranged, its physical existence will be cyclically checked as agreed between all parties. If needed safety stocks should be prepared to avoid supply disruptions.

### 3.3 Logistics Concepts

HUF uses standardized processes for purchasing material. Which logistics concept will be used is depending on the product and the location of the supplier's plant.

Following logistics concepts apply:

Logistics concept	Brief description
Standard (ship to stock)	Delivery according to call-off Standard warehousing
Consignment	Delivery according to call-off Consignment warehousing
Vendor Managed Inventory	Forecast according to call-off and defined min/max component stock Consignment warehousing



If nothing else is agreed the quotation has to be based on the logistics concept: Consignment or Vendor Managed Inventory

### **3.4 Call-offs**

Every part number has a separate call-off. Call-offs are transmitted electronically via EDI or in exceptional cases (small suppliers) via E-mail to the respective supplier. Every call-off replaces the previous release, which loses its validity. If there are no objections from the supplier within a 48 hours period the Call offs are fully accepted.

In principle the valid parts index/revision status of the appointed day in the call-off is to be delivered.

If otherwise agreed the deadlines mentioned in the call-off show the due date on which the parts have to reach HUF within regular operation hours. Materials in transit have to be considered in the system by the supplier. Any delays in delivery or any impending delays are to be notified immediately to the responsible HUF supplier material planner in written form.

### **3.5 Part Number/ Part Index/Part Revision**

Supplier has to invoice and submit to EDI only ordered part numbers constructed in the same format like once received in Call off.

### **3.6 Production/Material Release**

Production releases are binding orders of manufactured products, which has to be taken by HUF but not necessarily at the scheduled point of time. Material releases are purchase commitments of primary material, which is needed for the production of ordered goods.

The periods of production and material releases are fixed in the procurement contract. Production and material releases are only relevant at the end of production period.

- Material Release 12 weeks
- Production Release and Finished Goods Release 4 weeks

## **4. Transport**

The Supplier should agree for all shipments, national and international rules, law regulations and requirements.

Preferred Incoterms 2020 in the Quotation:

- **DDP**
- **DAP**
- **FCA**



#### 4.1 Delivery of Dangerous Goods

The supplier shall be obliged to make deliveries of dangerous goods in accordance to the law governing the transport of dangerous goods.

The Guidelines of the International Aviation Association (IATA) are to be observed in the case of transportation by air and the International Maritime Dangerous Goods Code (IMDG) is to be adhered for transportation by sea. The same applies to ADR rules in road transport.

The supplier is responsible to provide the forwarder with all needed dangerous goods documents.

#### 4.2 Proof of Delivery

Should HUF determine that parcels are missing and/or are damaged in the delivery; the submission of a proof of delivery to the forwarder will be required from the supplier. Upon request, such evidence is to be sent to HUF immediately.

#### 4.3 Documents

Following documents are required:

- Consignment note for deliveries by forwarders
- Accompanying documents for deliveries advised with electronic advanced shipping notes
- Delivery note (DIN 4991/DIN4994) for deliveries without electronic advanced shipping notes
- Customs documents including certificates of origins
- Local/national documents (e.g. China Compulsory Certification)
- Shipping notes and invoices to EU plants of Huf have to fulfill standards and contents like European Import Control System 2 (**ICS2**)

Huf Plant	EORI Number (Economic Operators' Registration and Identification number)
Huf Germany	DE2459124
Huf Poland	PL954235281700000
Huf Portugal	PT502646160
Huf Romania	RO18704025
Huf Spain	ESA08806812



#### **4.4 Packaging**

Deliveries to be provided on single, stackable pallets and properly secured according to HUF Corporate Packaging Requirement (GD-114). The packaging data sheet (CForm-172) has to be fulfilled by supplier, check and approved by HUF.

The preliminary acceptance will be provided during offers selection process. Final packaging setup review and approval will be conducted and given at the PPAP level.

#### **4.5 Initial Samples**

Initial samples have to be delivered as an own consignment and have to be supplied with a separate delivery note that shall visibly carry the marking initial samples. Initial samples are to be sent together with the initial sample test report and the associated documents to the location mentioned in the order text. The recipient should also be listed.

Should the initial sample test report already have been dispatched in advance by email, then such has to be mentioned on the delivery papers. Any missing initial sample documentation will lead to a negative supplier evaluation.

### **5. Breakdown of Costs**

Quotation as a base line should include in part price, packing and loading as well as documentation (FCA incoterm). Separately should be indicated transport, handling fees including duties as well as insurance (DAP/DDP ) delivery to HUF location.

### **6. Miscellaneous**

#### **6.1 Origin of Goods**

The supplier is undertaken to provide information on the origin of the goods supplied in the form of a Supplier Declaration as per VO (EG) 1207/01. The declaration should also include the classification of imported goods according to customs duty tariffs (CN Code) and is to be submitted before commencement of the series supplies. An annually update is requested.

#### **6.2 Return Delivery of Faulty Parts**

Suppliers shall be obliged to pick up faulty goods at their own cost and risk within three working days of the quality report being sent. Exceptions are only based on having special agreements.



### 6.3 Logistical Supplier Evaluation

Supplier performance evaluated from logistic side includes the value for delivery performance, special transport, complaints for incorrect deliveries as well as correctness of data in Astras. The measurement will be done monthly.

In regards to direct materials deliveries and their services (e.g. electro-plating), guidelines can be found in procedure "CSpec-113". In terms of service providers, please refer to "CSpec-114".

### 6.4 Subcontracting

Subcontracted parts are the ones, which HUF provides cost-neutral. The parts are HUF's property during the whole manufacturing process.

All sub-contracting parts are liable to perpetual stocktaking. The supplier is obliged to control the stock based on request and send the results to HUF.

Additionally to the perpetual stocktaking a due date inventory has to be performed.

Thereby current stock data is transmitted by HUF, which the supplier has to confirm or correct.

### Approval

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Supply Chain Management  
Farid Pazun

Purchasing & Supply / Supplier  
Administration  
Jörn Geisel

### Huf Hülsbeck & Fürst GmbH & Co. KG

Huf Group Headquarters

Steeger Strasse 17

42551 Velbert