



Donaldson
FILTRATION SOLUTIONS

Donaldson Company, Inc.

Supplier Logistics Handbook

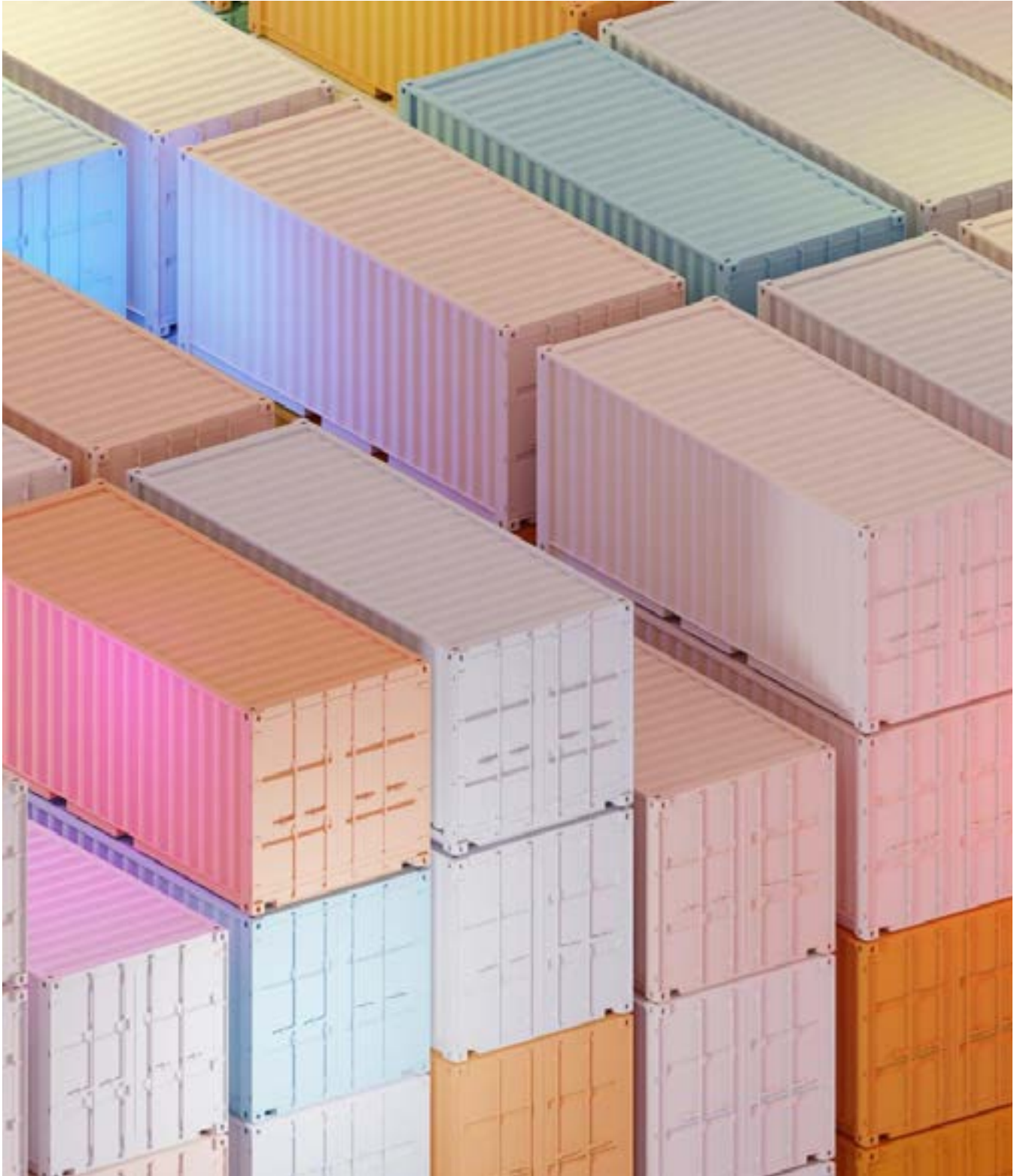


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1. FORWARD

The scope of this handbook is to create clear guidelines for Logistics.

It is valid for all Donaldson sites across the world.

Deviations from these guidelines are permissible only in exceptional circumstances and upon approval of Donaldson Procurement and/or Supply Chain personnel.

2. COOPERATION

Supplier Agrees:

- A. To name a Logistics person and his/her delegate Donaldson can contact during working hours as well as during emergency hours.
- B. To inform Donaldson without delay in case of any changes to these names.
- C. To inform Donaldson of plant holidays, shut down and extra-ordinary maintenance periods in advance and without any delay.
- D. To D.To inform Donaldson in case Supplier cannot meet quantities or schedules as indicated in the Purchase Order and scheduled order lines. Within 1 working day after submission of Purchase Order, orders are considered as "confirmed".
- E. To provide Donaldson with preferential and non-preferential origin information for items supplied, regardless of location. This may include the use of on-line tools to complete origin information and/or standard hard copies where required by law.
- F. To comply with all applicable Laws, Regulations and Policies related to Logistics of Goods including local and international export and re-export controls whereby Supplier and/or Donaldson's receiving plant conduct business.

In case Donaldson or its' customer is penalized by Local, State or Federal Official Authorities due to wrongdoing of Supplier, Donaldson reserves the right to pass on %100 of incurred expenses to the Supplier.

3. COMMUNICATION

Donaldson's preferred way of communication with direct material suppliers is via the Supplier Portal called Donaldson iSupplier ® Portal.

(Exceptions are those Donaldson entities which are not on Oracle ® ERP system yet.)

The portal allows:

- Acknowledgement of Purchase Orders
- Submit Purchase Order change requests
- Create and submit Advanced Shipment Notice & Advanced Shipment Billing Notice
- Review invoice status
- Author/Edit Blanket Purchase Agreements
- Review Donaldson's item forecast
- Manage consigned Inventory for Donaldson
- Respond to RFx/E-auction
- Maintain profile and users

To help Suppliers, Donaldson has created training material which can be accessed via [Donaldson Supplier Extranet](#).

All Suppliers registered to iSupplier ® are expected to finalize the course. Please complete and notify your Donaldson Category Manager of this course completion.

The enrollment into iSupplier ® Portal is a pre-requisite for all new Suppliers unless otherwise decided by Category Manager in charge in specific cases. For legacy Suppliers, Donaldson has active programs to onboard all Suppliers in due time.

Other ways of communication are:

- E-mail with attached Purchase Orders
- VMI (Vendor Managed Inventory) where Supplier controls the delivery without call-offs* from Donaldson.
- Consignment Inventory where Supplier keeps certain amount of inventory at disposal of Donaldson at proximity, but ownership only transfers from Supplier to Donaldson upon usage.

*A call-off order is a purchase order which a customer places with its supplier to allow multiple delivery dates over a period of time.

4. PACKAGING

Packaging Guidelines may differ per Donaldson region, site and/or business unit. These will be communicated to the Supplier by Donaldson Procurement department. Packaging & Product Marking guidelines for Donaldson's distribution can be found on our [Donaldson Supplier Extranet](#).

General rules that apply to all deliveries are:

A. Wooden Pallets:

- All wooden pallets must comply with ISPM 15, Regulation of Wood Packaging Material in International Trade. For imports into European Union, EU Timber Regulation (995/2010) must be observed.
- Free from chips and protruding nails, staples etc.
- No woods from protected tree species ([Ex: Notice of the List of Protected Tree Species under the National Forests Act, 1998 \(Act No. 84 of 1998](#) in South Africa OR [Endangered Species Act of 1973](#) in the U.S.).
- No painted or coated wood unless supplier is using a pallet pool program like [CHEP](#).

B. Corrugated Board:

- Free of coatings that impair recyclability / biodegradability (e.g., Silicone)
- Boxes can be preferably opened without tools (knife, scissors, cutter)
- Filler materials: Only paper, cardboard, or air bubbles. Any filler that may create dust and/or contamination on the product is not allowed.

C. (Shrink/Stretch) Film or Bags out of plastics:

- Only polyethylene (PE) or polypropylene (PP), not colored.

D. Foams:

- Avoid where possible.
- Only from polyurethane (PUR), polystyrene (EPS)

E. Metal Containers:

- Aluminum or steel (including galvanized or lacquered)
- No metal tightening and fastening bands.
- No materials that contain surfaces with Hexavalent Chromium or Nickel.

F. General:

- Packaging out of recyclable materials are preferred.
- Packaging must be sufficient to endure stacking, handling, mechanical shock, vibration, abrasion, compression, temperature & relative humidity, and moisture associated with the transport of goods.
- Product may not overhang the footprint of the pallet.
- Goods must be packed densely and properly secured to maximize container utilization and minimize transport cost.
- Dunnage should be used to fill voids and prevent movement of goods in transit.

- The stacking of Goods must be done in a manner that does not pose any safety issues during transport and handling. Slip sheets should be used between pallets where applicable.
- Lighter products must be loaded on top of heavier products to avoid compression damage.
- Product that cannot be double stacked due to risk of damage must be clearly marked "Top Load Only. Do Not Double Stack."
- Same items must be packed within the same packaging unit. Mixed packaging is exception and must be marked accordingly.
- Corner boards to be applied on all four corners to the full height of the pallet before wrapping.
- For sea freight in containers: Appropriate dunnage and airbags to be applied. While the use of desiccants is not mandatory, the shipment must be free from any moisture.
- Guidelines for packing and loading can be found on the [Donaldson Supplier Extranet](#).

5. DISPATCHING & TRANSPORTATION

- Donaldson's preferred way of notification is via the Donaldson iSupplier Portal using ASN's (Advanced Shipment Notices).
- Donaldson Approved Incoterms are as below and conform to Incoterms 2020. Donaldson Preferred Incoterms are highlighted in color.

Incoterm	Named Place
FCA	Supplier Facility or Shipping Point
CPT	Port/Airport of import or Donaldson Facility
DAP	Donaldson Facility

- Donaldson prefers the use of Donaldson nominated carriers with rates negotiated and established by Donaldson (FCA). In case Donaldson's nominated carrier cannot perform the transportation for any reason, Supplier must notify Donaldson without delay. In such cases, Donaldson may allow Supplier the use of an alternative carrier. If a Supplier books transportation with another carrier without a valid reason and there is a negative cost differential versus Donaldson's nominated mode and carrier, Supplier agrees to cover the additional cost. Donaldson reserves the right to refuse Supplier's designated carrier.
- Suppliers are not allowed to use exceptional freight at Donaldson's cost without Donaldson's prior consent. Exceptional transport is any mode of freight which is more expensive than previously agreed and regular mode.
- If Donaldson bears the cost of transport, Suppliers must ensure that trucks are loaded within the allowed timeframe by the carrier. The allowed waiting times may vary depending on mode, region, and destination. Additional
 - The goods must be stored in the truck in a way that they can be unloaded with a forklift or pallet truck easily and without movement or risk to other Goods. Unless otherwise stated in shipping instructions sent by the receiving Donaldson entity, unloading happens from the back of the trailer and not from the side.
- Shipment tracking information (carrier PRO numbers, etc.) shall be provided to Donaldson Plant Buyer for each shipment, especially for delayed or expedited shipments.

6. MARKING and LABELLING

Donaldson will work with its supply chain to require manufacturing plants, people involved with the item set-up process and suppliers to follow all country-of-origin requirements in accordance with the World Trade Organization rules of origin. Every article of foreign origin imported into a territory, unless excepted by law, is required to be marked with the name of the country of origin of the article at the time of importation. Merchandise must be marked in a conspicuous place as legibly and permanently as the nature of the product will permit. This marking should indicate to an ultimate purchaser the country of origin in English, and the purchaser should be able to find the marking easily and read it without strain. Failure to properly mark merchandise will result in financial penalties, as well as delays in clearing shipments through Customs. In addition to the product and packaging

markings, the import/export documentation must also reflect the correct country of origin data.

Donaldson's production facilities are using RF barcode readers for goods receiving, stock transfer as well as for warehouse location management. Inventory information is immediately updated in Donaldson's ERP system.

Therefore,

- A. Standard Templates and Format: Goods labels must meet the Odette or VDA (most recent) standards. Standard format is Landscape A5 (210 x 148) mm. Pallet labels should always be in front of the pallets.



- B. Data: The labels should contain below data:

		Label Information		
	Data Are Content	User Attributes	Text Size (height mm)	Field Length
SHIPPING SECTION				
1	Receiver Donaldson's unloading location.	R	7	2 lines x an. 20
2	Dock/Gate Donaldson's final delivery point.	D	13	1 line x an.12
3	Advice Note Number Purchase Order Number	R	7	an. 10
4	Supplier Address Supplier's name and address, country of origin	R	5	an. 29
5	Net Weight Material weight within transport unit	D	7	n. 5
6	Gross Weight Total transport unit weight	R	7	n. 5
7	No. of Boxes Number of packages within one transport unit	D	7	n. 5
PARTS IDENTIFICATION SECTION				
8	Part Number Donaldson's Part Number	R	13	n. 15
9	Quantity Package or Transport unit quantity	R	13	n. 10
10	Unit of Measurement Same UoM as on Purchase Order	R (default is pcs)	7	an. 3
11	Description Donaldson's Part Description	R	7	an. 22
12	Logistic Reference Reserved for Supplier's Cross Reference. Can be used for other data in agreement with Donaldson.	D		
13	Supplier ID Supplier number provided by Donaldson	R	5	an. 5

PARTS IDENTIFICATION SECTION continued				
14	Date Material Production date (P) or Dispatch Date (D) MMDDYY (in the US), DDMMYY everywhere else	D	7	an. 7
15	Engineering Change Buyer's engineering change number	D	7	an. 14
16	Serial Number Unique identification number assigned by the supplier	D	5	n. 9
17	Batch Number Reference number to designate grouping of products	D	5	n. 9

User Attributes: R = Required, D = Dependent

Field Length:

- an = alpha numeric value
- a = alpha value
- n = numeric value
- ..10 = 1-10 positions
- 10 = exact 10 positions

- C. **Barcodes:** Labels and barcodes must be legible. Both EAN128 and Code3of9 EAN Label standards are accepted.
 - D. **Printer & Paper Quality:** To ensure readability of the bar codes, a very high print quality is demanded. Donaldson therefore recommends using either Thermo or Thermo Transfer printers. If a Laser printer is used to print the label, it is necessary to follow the manufacturer specification according to maintenance and paper material. Matrix printers are NOT allowed due to low quality output.
- The paper of the label must be white with black printing. Old Goods labels must be removed before new ones are attached. Label material must be resistant to weather and should have a weight no less than 160-170 g/m2. Labels must be clearly visible and may not be covered by packaging elements (e.g., strapping).
- E. **Font:** Any readable character set can be used, but the Odette recommendations are Helvetica Bold, Character Set: ISO 3098-1.
 - F. **Overall Quality:** Packaging and labeling are part of the supplier manufacturing process and should be included as appropriate in the supplier's FMEA, Quality Plan, S-PPAP.
 - G. **Example:** An example of Odette OTL 1 (V1Rev4) for Labelling can be found below.

Notice! Not Actual Size.



H. **Multi-box delivery:** When supplying multiple boxes on one pallet, there must be a master label as well as individual labels on each box. Please see below for the application:

Homogenous – multi packages of one item

1 master pallet label

Summarized **item** info:

Number of boxes
Weight of all boxes
Quantity of all boxes

Donaldson Klasierec	Donaldson location
23026297	600 12
	E506319
600	
100251	
02010646675	081017

12 boxes identification label
On each box a standard Donaldson label with detail of item is required.



Donaldson Klasierec	Donaldson location
23026297	600 12
	E506319
50	
02010646675	081017

Mixed – multi packages of mixed items

1 master pallet label

Summarized **delivery** info:

Number of boxes
Weight of all boxes

No details of items and quantity (or order)

Donaldson Klasierec	Donaldson location
23026297	600 12
600	
100251	
	
02010646675	081017

12 unique item identification label
On each box is standard Donaldson label with detail of item



Donaldson Klasierec	Donaldson location
23026297	600 12
	E506319
50	
02010646675	081017

I. **Approved Examples:**



7. TRADE COMPLIANCE

7.1 Country of Origin:

Donaldson suppliers must follow all country-of-origin requirements in accordance with the World Trade Organization rules of origin. Every article of foreign origin imported into a territory, unless excepted by law, is required to be marked with the name of the country of origin of the article at the time of importation. Merchandise must be marked in a conspicuous place as legibly and permanently as the nature of the product will permit. This marking should indicate to an ultimate purchaser the country of origin in English, and the purchaser should be able to find the marking easily and read it without strain. Failure to properly mark merchandise will result in financial penalties, as well as delays in clearing shipments through Customs. In addition to the product and packaging markings, the import/export documentation must also reflect the correct country of origin data.

One of the requirements for eligibility for reduced/duty free treatment of merchandise under Preferential Trade Agreements is the presentation of a properly completed preferential Certificate of Origin. These preferential Certificates of Origin must be used to certify that merchandise exported from one participant territory into any other participant territory qualifies as an originating good for purposes of preferential tariff treatment under the Preferential Trade Agreement.

Donaldson's Global Trade Compliance department will request the Origin Certificates from foreign and domestic suppliers annually or bi-annually. Supplier is obligated to provide the Certificate of Origin with no delay as well as notify Donaldson of any changes to the previously supplied information concerning the Goods such as changes to Country of Origin and/or Tariff Codes. Donaldson reserves the right to pass any additional expenses it may occur in case Suppliers don't react timely to Certificate of Origin requests and/or fail to notify Donaldson of any changes.

Donaldson is committed to communicating regulatory updates to suppliers. Useful documents related to Trade Compliance can be found on our [Donaldson Supplier Extranet](#).

7.2 Restricted Party Screening:

Certain countries are subject to trade embargoes and sanctions by US and other government agencies. In addition, there are numerous global lists of Denied Parties with which Donaldson is restricted from doing business with. Donaldson is prohibited from engaging in any transaction, directly or indirectly, involving any of these countries, territories, companies, banks, or individuals. All suppliers are screened against the consolidated list of restricted parties and noncompliant orders may be canceled without any liability to Donaldson if there is a valid match.

7.3 Required Documents for International Shipments:

- Commercial Invoice
- Packing List
- Certificate of Origin (where applicable)
- Mill Test Certificate for Articles of Iron or Steel

Supplier will ensure a valid commercial invoice and packing list are submitted for each international shipment. The commercial invoice is a document prepared by the seller which contains, among many pieces of information, the description, value, and country of origin of the merchandise being sold to Donaldson. The commercial invoice must also contain sufficient information for Donaldson, Customs agencies, and the import broker to be able to determine the classification of the merchandise. Any inaccurate or misleading statement of fact on a required document may result in delays in release, detention of goods, increased review by import specialists, or penalties against the importer or exporter.

The following elements are required for all documentation produced by Donaldson Company's suppliers when shipments are destined for Donaldson facilities. These requirements ensure compliance with all applicable Customs regulations and allow goods to seamlessly move around the world. Non-compliance with these requirements may result in shipment delays.

All elements listed below must match the corresponding purchase order(s) and accurately reflect what is physically shipping.

Document	Requirements	Notes
Commercial Invoice	Invoice Number	
	Origin Location / Shipper Name and Address	• Physical location the goods are shipping from.
	Sold-to Name and Address	• May also be referred as the Bill-to Party. Only required if different from the Ship-to Party.
	Ultimate Consignee / Ship-to Name and Address	• Include contact information - name, phone number, and address. • Include a line for "Intermediate Consignee / Intermediate Ship-to" if applicable. • Include Donaldson plant number.
	Incoterms 2020	• In addition to the three-letter acronym (see Donaldson Approved Incoterms in Section 5), include the "Named Place" (e.g., FCA Shipping Point or CPT Airport or Port of Import).
	Purchase Order Number(s)	
	Donaldson Part Number(s) (if applicable)	
	Item Description	• Clear and accurate description of the goods in English - avoid acronyms and abbreviations.
	HS (Harmonized System) Number per line	The nomenclature that globally describes the items for export/import
	ECN (Export Control Number)	If item is controlled by the exporting country, ECN must be provided.
	Country or Origin	• Country where the product was manufactured or substantially transformed per WCO rules
	Quantity	• Each, pack, etc.
	Unit of Measure	
	Currency	
	Selling Price/Value per Item	• Include piece price and extended price. • This value is the transaction value or Price Paid or payable • In case of a reduced price or free of charge (e.g., warranty replacements), an arm's length Customs Value must be provided. Identification and valuation of any consigned material (Assists such as dies, molds, equipment, etc.) provided free of charge and necessary to produce the merchandise should be communicated separately to the Donaldson contact. • All other charges, itemized by name and amount, including freight, insurance, royalties, expedite or tooling fees, packing, etc.
	Origin Location /Shipper Name and Address	
Purchase Order Number(s)		
Quantity per line		
Net Weight per line		
Packaging Type (Crate/Box/Pallet) and Quantity		
Gross Weight and Dimensions per each Package Type		
Unit of Measure per line		

8. FAILURE TO COMPLY

Unless a deviation has been agreed between the Parties, non-compliance to the clauses mentioned in this handbook is considered a quality offense. In such case, Supplier would receive a non-conformance claim from Donaldson along with its associated cost and is expected to fill in an 8D-form identifying and fixing the root cause of the issue(s). In case of non-conformances, Donaldson reserves the right to reject the receipt of Goods.

Typical non-conformances are – but not limited to:

- Wrong label
- Damaged or wrong packaging
- Error in delivery note or packing slip
- Late or missing delivery
- Failure to comply with Donaldson Supplier Shipping Instructions

9. TEMPLATE FOR LOGISTICS ANNEX

9.1 Communication & Cooperation

Donaldson Personnel						
Donaldson Receiving Plant(s)	Delivery Address	Opening Hours for Receiving	Finance E-mail/Phone	Logistics E-mail/Phone	Planning/Buyer E-mail/Phone	Quality E-mail/Phone

SUPPLIER NAME:					
Supplier Personnel					
Supplier Shipping Plant(s)	Shipping Address	iSupplier Responsible E-mail/Phone	Logistics E-mail/Phone	Salesperson E-mail/Phone	Quality E-mail/Phone

9.2 Call Off Method

- MRP
- Kanban/E-Kanban
- iSupplier
- Consigned Inventory

9.3 Region Specific Requirements

Each Donaldson region may have specific freight booking and routing instructions. As an example, Suppliers shipping from points in the United States, Canada and Mexico to Donaldson Company plants and/or Distribution Centers in the USA where Donaldson is responsible for paying the associated freight cost (Freight Collect) are required to follow “[Donaldson Company Supplier Shipping Instructions – US](#)” located on our [Donaldson Supplier Extranet](#). For those suppliers not requested to use our TMS solution, a supplier specific routing letter will be provided.

If no specific guideline is available, please contact the local Donaldson transportation team for instruction:

TransportationAMER@donaldson.com

TransportationAPAC@donaldson.com

TransportationEMEA@donaldson.com

TransportationLATAM@donaldson.com

9.4 Packaging and Labelling Instructions

This section needs to be filled in if Parties agree on a special packaging that differs from the instructions described in previous sections of this document.

Donaldson Receiving Plant(s)	Description of Packaging	Description of Labelling

9.4.1 Returnable Packaging

This section needs to be filled in by Donaldson procurement and the Supplier, in case Parties agree to implement returnable packaging.

Designation:	Supplier	Donaldson
Ownership of packaging:	<input type="checkbox"/>	<input type="checkbox"/>
Execution and cost of transportation of packaging resides with:	<input type="checkbox"/>	<input type="checkbox"/>
Execution and cost of maintenance of packaging resides with:	<input type="checkbox"/>	<input type="checkbox"/>

Inventory Reconciliation of returnable packaging will be made Choose an item a year.

All damaged packaging, which is deemed unsafe and a possible Health & Safety risk, must be removed from the inventory loop. In case returnable packaging is lost or damaged, and no evidence of any Parties accountability exists, the cost for repair or replenishment will be split 50/50 between Donaldson and the Supplier.

9.5 Invoicing

The billing invoice must be sent to Donaldson via:

- E-mail - E-mail address:
- Mail - Address:
- iSupplier