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# CORE TOPICS — AT A GLANCE

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## 1. OPERATIONAL PROCESSES / ORDER PROCESSING

DURST uses an innovative tool for day-to-day business with its suppliers. It is an online portal connected to SAP (the DURST Supplier Portal), to which the supplier has access.

These are some of the most important features the portal offers:

- > Provision of information (e.g. new purchase orders available, changes to deadlines and quantities, etc.)
- > Delivery schedules can be confirmed directly, order confirmations can be uploaded, and delivery dates can be entered.
- > Pending tasks (e.g. delivery date not yet confirmed, delivery date overdue, etc.) are visible to both sides, allowing DURST's materials planner to react immediately to any new circumstances.
- > Forecasts (projections) of which quantities of a certain item are needed when.
- > Technical drawings, documents, etc. can be made available directly in the portal and downloaded by the supplier.
- > Serial numbers for serializing the products to be delivered can be entered and printed.

The system offers an excellent overview of the status of orders that is always up-to-date. Possible changes are visible for the supplier and DURST in real time.

### SUPPLIER ASSESSMENT

As the portal is connected to SAP, the data can be used directly for assessing supplier performance. The assessment is sent out periodically and gives a clear overview of the following criteria:

- > Adherence to deadlines
- > Quality
- > Adherence to quantity specifications

A summary of so-called 'soft facts' is also included under a separate assessment heading in the evaluation. Here are a few examples of these criteria:

- > Responsiveness in emergencies
- > Friendliness, flexibility and helpfulness of contact persons
- > Supplier's self-motivation and willingness to innovate

You will receive detailed guidelines/working instructions for the portal from our materials planning department in the event of actual collaboration with DURST.

## 2. QUALITY

Good quality of all individual components is of crucial importance for the proper operation and precision of our printers. Purchased parts are essential components of the end product and have a major impact on product quality. Achieving the required quality standards is only possible through the application of proven quality assurance methods following the philosophy of zero defects.

The supplier must implement suitable inspection procedures for checking parts in order to avoid delays arising from quality problems in the assembly of the components delivered to us. This is to ensure that products supplied meet technical requirements and can be installed without delay (due to reworking, replacement deliveries, etc.).

The 'right first time' principle must apply. This means that processes at the supplier must be optimized to such an extent that only qualitatively faultless products in the right quantity are delivered to DURST at the right time.

## 3. PRICING

In addition to the points mentioned in the introduction, cost naturally plays a central role as well. If we cannot offer our products and services at competitive prices, we will suffer a major disadvantage in global competition.

The objective must be to purchase the desired products at a price that guarantees the required quality at a reasonable cost.

This requires optimal processes at the supplier as well as a precise specification of the projects with our developers and strategic purchasers.

Possible cost drivers must already be identified and pointed out by the supplier in the request for quotation stage.

Planned changes in the price structure must always be announced sufficiently in advance.

We reject blanket price increases (including in written form). Increases of any kind will generally only be discussed in face-to-face meetings at our company headquarters.

In the case of new inquiries, we prefer suppliers who have proposed optimizations at their own initiative in past projects, thereby making price reductions or qualitative improvements possible.

## 4. LOGISTICS

As a general rule, DURST pursues a strategy of a high inventory turnover, thus avoiding large buffer stocks in-house. Consistently high delivery reliability builds trust and strengthens the bond between trading partners. At the same time, this avoids any unnecessary and time-consuming communication loops between the parties.

It is important for suppliers to process our orders directly in the supplier portal in order to achieve this. This enables us to adjust our planning and production at an early stage in the event of any deviations from the desired delivery date. Our materials planning department must be informed immediately in the event of impending delivery bottlenecks. The ultimate goal must of course be to meet our desired deadline.

— Since our business model is aimed at long-term strategic partnerships with suppliers, it is essential for the supplier to identify with our key objectives listed below and achieve them dependably:

### Key objectives

- > Maximum security of supply
- > Minimum delivery periods
- > On-time delivery of exact quantities
- > Supply quality according to specified requirements
- > Sustainable, i.e. environmentally friendly and energy-efficient, use of resources

Below are a few more important points concerning logistics, which we would like to touch on briefly:

### STORAGE AT THE SUPPLIER

It is often necessary to store products and assemblies at the supplier in order to allow us to supply our customers with new systems in the shortest possible time. Delivery schedules and master agreements give the supplier sufficient lead time to manage production accordingly and to place finished or semi-finished parts in stock. This allows guaranteed fast delivery of the required parts.

### TRANSPORT

You will be given the contact details of logistics companies with which DURST regularly handles transport for deliveries with Incoterm EXW. The supplier can thus arrange directly for the goods to be collected by the freight forwarder, who then charges the transport costs to the consignee. With other Incoterm conditions, transport is coordinated with the strategic purchaser on a case-by-case basis for shipment.

## **GOODS RECEIPT**

The acceptance or receipt of delivered goods does not imply any acknowledgment of their quality.

Goods that already show signs of damage or defects at the time of delivery will be reported and returned at the expense of the supplier after visual inspection by the goods receipt department, i.e. without extensive quality inspection. All hazardous substances supplied must be marked in accordance with legal requirements. The supplier undertakes to keep documents and certificates (such as safety data sheets, material certificates, etc.) that are to be supplied with the goods up-to-date at all times and to report any changes to our strategic purchasing department without specific request.

## **QUALITY ASSURANCE OF DELIVERIES**

We satisfy ourselves of the quality of delivered goods by means of spot checks in our company, or have the product quality verified by corresponding test certificates or quality records.

Where applicable (e.g. for mechanical components), a production part approval process (PPAP) is performed and the part is released for serial delivery. This process must be repeated if the test results are negative.

Defective goods will be returned to the supplier and, depending on the defect, free replacement / rework including an 8D report (where reasonable) will be requested.

DURST pursues the goal that the knowledge holder, i.e. the supplier, carries out all necessary inspections for its product so that only a simplified goods receipt inspection is performed upon delivery depending on category, type and obvious damage. It is therefore not the job of our goods receipt inspection to have to separate fault-free parts from defective parts.

Delivered products then flow directly into production without further checks ('free pass principle').

## **PACKAGING**

Packaging must always be designed so that the product supplied is adequately protected against damage.

The packaging specifications agreed with DURST must be strictly adhered to for special packages. All products not covered by a separate agreement regarding packaging must be protected in such a way that damage during transport can be excluded.

Inadequate packaging that leads to transport damage will be charged to the supplier.

## DEVIATIONS AND SPECIAL APPROVALS

As a matter of principle, parts that deviate from technical specifications must not be supplied to DURST. In exceptional cases, however, special approval can be requested from our strategic purchasing department.

Special approval only applies to the authorized number of pieces or quantity. It is neither a quality concession nor general approval of deviations for future deliveries.

## COMPLAINTS

Our quality department will issue complaints about products that fail to meet specified technical requirements. The standard tool for the processing of such complaints is the 8D method.

We expect a first statement regarding points 1 to 3 (immediate measures) within 24 hours. The complete 8D report is to be completed within 2 weeks (10 working days) wherever possible.

The fastest possible supply of good parts has top priority in order to avoid production disruptions or standstills at DURST.

# 5. DURST CODE OF CONDUCT FOR SUPPLIERS

In the light of its national and international business activities, DURST Group AG is aware of its responsibility towards employees, business partners, the environment and the relevant communities and economies and aims to integrate its own corporate values and code of conduct within its supply chain.

The 'DURST Code of Conduct for Suppliers' accordingly reflects the company's internal 'DURST Code of Ethics and Conduct' and forms a binding framework for successful and long-term partnerships with DURST based on common goals and values in thought and action.

The supplier therefore acknowledges these principles and undertakes to introduce, apply and monitor them within its own organization as well as within its supply chain.

You can find the complete 'DURST Code of Conduct for Suppliers' in our download area.