Donaldson Supplier Business Operating System Standard (S.B.O.S.S.)
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Supplier Business Operating System Standard (S.B.O.S.S.)

1. INTRODUCTION

DONALDSON EUROPE is a multi-plant manufacturing company serving several different markets. These markets include: Light Vehicle, Medium and Heavy Truck and Bus, Construction and Agriculture, Defense, Industrial Air Filtration, Gas Turbine Systems, Special Markets, Disk Drive & Aftermarket. These markets each vary in their technical and commercial requirements.

Donaldson Europe expects our Suppliers to provide materials, parts, assemblies, and services that meet our engineering requirements with minimum variation. In addition they must be delivered on time and be cost effective.

Donaldson Buys Value (DBV) is the comprehensive framework for the Donaldson Europe & Supplier relationship.

Donaldson Europe complies with its customer’s contractual quality system requirements including industry specific or customer specific quality system requirements, etc. IATF 16949:2016 and ISO 9001:2015 or EN/AS 9100 are the quality systems used, which define the requirements outlined in DBV and the Supplier Business Operating System Standard – SBOSS.

We want all Suppliers doing business with Donaldson Europe to have long-term relationships in mind as we proceed. Our customers expect this and we strive for it in our everyday business dealings. Obtaining the best “value” for the products purchased will always be our goal. Donaldson Europe defines Value as Quality, Service, and Cost. Quality must focus on 100% acceptance and usage. Delivery must focus on 100% to the delivery requirement. Cost must focus on being market competitive so that both parties can grow and make a profit.
2. ETHICS AND RELATIONS WITH SUPPLIERS

It is our policy to encourage clear, professional communications and relationships between appropriate Donaldson and Supplier personnel; to allow for full and effective mutual disclosure of business information required to achieve the tasks requested of the Supplier; and to put limits on the extent of the relationship.

Each Supplier is “owned” by a Donaldson Purchasing employee, who is responsible to develop and maintain an effective working relationship and to keep records of our dealings with the Supplier. Other Donaldson employees may have legitimate reasons to have direct contact with the Supplier provided the Donaldson Purchasing employee is aware of the contacts and gives his approval, all significant visits and meetings are documented with notes or report by the Donaldson employee involved and a copy provided to the Purchasing employee, a copy of all significant correspondence shall be provided to the Purchasing employee.

Exchange of confidential information should be first covered by a Non-Disclosure Agreement duly dated and signed by both parties. Always confidential and not to be disclosed are: our current cost/price/name of Supplier; terms and conditions offered to us by other Suppliers. Donaldson drawings and specifications are considered as confidential information; they should not be disclosed to any other party without the written consent of the Donaldson Purchasing employee.

Supplier visits to Donaldson premises are to be organized by appointment. The Supplier will always be escorted by the Donaldson employee accepting the visit. Suppliers are usually not given access to the Donaldson plants and laboratories except in case of real need and always with the authorization of the local Purchasing and plant manager. Local practices, stricter than what is described, may apply.

Donaldson has the right to visit a Supplier in the scope of the business cooperation (perform an audit, process review …). The visit should be confirmed by the Supplier within a reasonable time (5 working days).

Donaldson employees shall not accept travel and hotel expenses paid by a Supplier. With the exception of low value promotional items; gifts, gratuities and entertainment shall not be accepted from Suppliers. Meals may be taken with Suppliers if appropriate and serving a business purpose, if occurring more than once, expenses should be paid about half the time by the Donaldson employee.

3. Supplier Code of Conduct

Donaldson expects its Suppliers to conduct all business activities within the guidelines of Donaldson’s Supplier Code of Conduct at all times. Supplier’s personnel and agents (including those from Associated Companies) are expected to be fully aware of and adhere to the Supplier Code Of Conduct available at:

4. DONALDSON QUALITY COMMITMENT

Donaldson Quality Commitment

Complete Customer Satisfaction,
Continuous Improvement and
Problem Prevention in All Activities.

Our process to achieving these goals includes:

- Elimination of waste and variation;
- Setting and maintaining world-class standards and benchmarks;
- Developing and empowering our people, and
- Standardizing processes and measurement of progress.

For the long-term success of our company, understanding and fulfilling customer needs will benefit
both our shareholders and our employees. Our management is accountable to ensuring that this
policy is understood, implemented and maintained at all levels of our organization.

Tod Carpenter, President & CEO
April 1, 2015

5. SUPPLIER QUALITY REQUIREMENTS

5.1 Certification

The materials, parts, assemblies and services our Suppliers provide to Donaldson have a direct impact on
the final quality of our products and services. Therefore, Donaldson requires that the Supplier Quality
Management System (QMS) is in compliance to ISO 9001:2015 as a minimum (unless otherwise specified
– “UPON CUSTOMER REQUEST”), or the registration to EN/AS 9100 are required in addition to
mandatory compliance to this SBOSS and any quality system elements spelled out in the request for quote,
business agreement, and/or in the purchase order.

Particularly those Suppliers delivering products for the Donaldson Engine division (Automotive) are
required to be certified to ISO9001 as a minimum.

Suppliers delivering products for the Donaldson Industrial division which are not duly certified to ISO9001
will be required to submit a detailed action plan and timeline for compliance.

In any case remains the responsibility of each Supplier to provide Donaldson with an up-to-date copy of its
ISO/IATF/AS certificate, every time when updated/renewed, or notify Donaldson if the certificate be
delayed or if the certificate is/was removed.
5.2 PPM (Parts Per Million)
Supplier shall respect Donaldson organization request on PPM value. The Donaldson defined maximum PPM value being 50 PPM. In any case Supplier shall always meet the specific PPM requirement communicated by the assigned Buyer and always strive to deliver 0 defects.

5.3 OTD (On Time Delivery)
Supplier shall strive to achieve 100% OTD.

5.4 Risk Mitigation
Suppliers are responsible of identifying, assessing and mitigating all possible risks to continuity of supply. Suppliers are required to apply all appropriate preventive actions to achieve so prior to mass production, being the minimum: feasibility analysis, reliability studies and risk analysis.

Suppliers shall apply besides this same risk mitigation approach to existing products and processes already in mass production.

Suppliers shall ensure that also their sub-suppliers have integrated into their systems and processes a risk mitigation plan.

5.5 Sub-Supplier Requirements
We encourage our Suppliers to have engage sub-suppliers with a quality management system in accordance with ISO 9001:2015 as a minimum. Donaldson reserves the right to directly assess a Tier 2 sub-supplier that has a significant impact on final quality at Donaldson. Tier 1 suppliers will be held responsible for the products and services they provide including items supplied to them from Tier 2 sub-suppliers.

We expect our Suppliers to ensure that their sub-suppliers:
- Have a quality focused approach driving preventive actions to minimize the probability of non-conforming or defect products
- Have processes in place to identify and quarantine non-conformities or defects early in their processes
- Maintain data and documents to ensure and prove, if needed, that products have been manufactured in accordance with all relevant laws and safety standards including the Production Part Approval Process documentation where applicable (ref. chapter 8)
- Have processes in place to inform Donaldson of any product, process, equipment or supply chain change prior to implementation (ref. chapter 12)
- Implement risk mitigation approach into their processes and quality management systems

In any case both Purchasing and Quality Departments remain responsible to manage the first time buy(s) through qualification of a newly released or revised part, or a part affected by a new or revised process. This includes the hand-off to the using plant(s).

6. SUPPLIER ASSESSMENT
Corporate Purchasing, Plant Purchasing and Quality Department will identify the status of the supplier’s business operating system using assessment tools that may include questionnaires, surveys, and audits.
The assessment identifies the supplier’s capability to support Donaldson by having documented effective systems in place to meet or exceed this standard.

Supplier assessment is accomplished by a self-completed questionnaire (Donaldson Europe Supplier Questionnaire – PUPDOC 002), by an on-site survey “Rapid Plant Assessment” conducted by Donaldson RPA team (according to the CORP SQADOC 002), by an on-site quality management system survey/audit conducted by Donaldson Quality (according to the Supplier Audit Checklist – CORP SQADOC 001) or by a “Supplier Self-assessment” (according to the CORP SQADOC 006 questionnaire) completed by a supplier and send back to Donaldson Quality for evaluation.

Corporate Purchasing & Plant Purchasing are responsible for the assessment of new Suppliers in terms of their financial strength and business management.

If successful, a Supplier is first identified as an “Approved Supplier”. Strategic Suppliers are identified and developed from the list of Approved Suppliers by the Donaldson Commodity Team.

The Commodity Team consists of representatives from plant and corporate staff departments in purchasing, quality and other functions as required, is responsible to assess, select, develop, retain or replace the strategic supply base.

We intend to update the Quality System Assessment of Strategic Suppliers on a triennial basis (at least once every three years).

7. SUPPLIER DEVELOPMENT

Donaldson will develop its supply base by using the standards IATF 16949:2016 as the fundamental quality system requirement.

DBV (Donaldson Buys Value) provides measurements and a structure for identifying actions to improve supplier quality and service performance. DBV should not be regarded only as a supplier rating program but as well as an improvement tool (quality, timely delivery, short lead-time, flexibility, innovation) and as a two-way communication tool (meet; evaluate; analyse; improve; create mutually agreed scenario with action plan for improvement including steps, timing and regular contacts to review progresses). A Commodity Team will schedule regular meetings (a minimum of once per year) with Strategic Suppliers to address improvement opportunities. For more information on DBV please refer to the Donaldson Europe Supplier Evaluation program (PUPDOC 020).

Each Supplier is expected to have a system in place that addresses the following elements. Supplier business operating systems will be compared to the following elements to aid the identification of improvement opportunity:

1. Normative Reference + Regulatory Requirements
2. Quality Management System
3. Management Responsibility
4. Resource Management
5. Product Realization
6. Measurement, analysis and improvement
7. Environmental Management
8. LEAN MANUFACTURING AND LEAN SUPPLY CHAIN

Donaldson is engaged in Lean Manufacturing and expects its supply base to be organized to have or implement Lean best practices hence Lean Supply in order to:

1. Ensure required and stable quality
2. Identify and eliminate waste and non-value-added activities, reduce and optimize costs
3. Prevent shortages
4. Reduce inventory
5. Secure flexibility of supply, reduce lead-times and optimize buying quantity
6. Working with standards which continuously improve through PDCA cycles (Plan, Do, Check, Act)

More information may be obtained from the Lean Enterprise Institute at [www.lean.org](http://www.lean.org) and from your Donaldson purchasing contact.

9. ADVANCE PRODUCT QUALITY PLANNING

Advance Product Quality Planning (APQP) is achieved by a cross-functional team that includes supplier representative(s), as appropriate. Planning occurs in phases requiring outputs (deliverables) from each phase. These outputs are verified and agreed to by management before closing out a phase and continuing the work-in-progress in the next phase. As indicated by a request/notification from Purchasing, a Supplier may participate in Donaldson’s Advanced Product Quality Planning. Formal notice may be via Request for Quote, Purchase Order, or other written method.

In more complex projects, the Supplier may be required to work with CAE/CAD systems, and be required to supply preliminary drawings, documents, and prototypes. Suppliers will receive engineering drawings from the assigned Buyer with each Request for Quotation (RFQ). Each RFQ submission will be revision specific indicating the suppliers understanding of the requirements of the print. Suppliers bear the responsibility of comprehending the drawing and specification requirements. Any required clarification is to be resolved prior to finalizing tooling or commencing production.

Below APQP Table illustrates the possible output (deliverables) which may result for a given project.

<table>
<thead>
<tr>
<th>PLANNING</th>
<th>PRODUCT DESIGN &amp; DEVELOPMENT</th>
<th>PROCESS DESIGN &amp; DEVELOPMENT</th>
<th>PRODUCT &amp; PROCESS APPROVAL</th>
<th>FEEDBACK, ASSESSMENT &amp; CORR. ACTION</th>
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<td>DFMEA</td>
<td>Packaging Standards</td>
<td>Production Trial Run</td>
<td>Reduced Variation</td>
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<tr>
<td>Prelim BOM</td>
<td>Design Verification</td>
<td>Process Flow Chart</td>
<td>Prelim Process Capability Study</td>
<td>Delivery &amp; Service</td>
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<tr>
<td>Prelim Process Flow Chart</td>
<td>Design Reviews</td>
<td>Floor Plan Layout</td>
<td>Production Part Approval PPAP</td>
<td></td>
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<tr>
<td>Prelim Special Product &amp; Process Characteristics</td>
<td>Prototype Control Plan</td>
<td>Characteristics Matrix</td>
<td>Production Validation Testing</td>
<td></td>
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<tr>
<td>Product Assurance Plan Management Support</td>
<td>Engineering Dwgs</td>
<td>PFMEA</td>
<td>Packaging Evaluation</td>
<td></td>
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<tr>
<td>Engineering Specifications</td>
<td>Material Specifications</td>
<td>Pre-Launch Control Plan</td>
<td>Production Control Plan</td>
<td></td>
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<tr>
<td>Material Specifications</td>
<td>Dwg &amp; Spec Changes</td>
<td>Process Instructions</td>
<td>Quality Planning Signoff &amp; Mgmt Support</td>
<td></td>
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<td></td>
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<td>Measurement Systems Analysis Plan</td>
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</tbody>
</table>

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10. SUPPLIER READINESS ASSESSMENT

In order to ensure that all requirements for a new Part introduction will be met by the Supplier, a Donaldson team composed of APD (Accelerated Product Development) Purchasing, Product Engineering and Quality Assurance can initiate a “Supplier Production Readiness Assessment” at the Supplier prior full production is launched.

11. SUPPLIER PRODUCTION PART APPROVAL PROCESS

SCOPE: This process is applicable to all new and modified purchased material, part or assembly. Excluded are standard catalogue parts, materials according national standards (Bolts, nuts etc. according: SAE, DIN, AFNOR, BIS, EN, ISO …)

The purpose of this Supplier Production Part Approval Process (SPPAP), which is in accordance with AIAG standards, is to assure that purchased materials, parts and assemblies meet Donaldson specified requirements by determining:
1) If all Donaldson engineering drawing and specifications requirements are properly understood by the Supplier, and
2) that the supplier’s manufacturing process has the ability to produce product, matching those requirements during an actual production run at the quoted production rates, using production tooling, gauging, process, materials, environment, operators and process settings.

A SPPAP is specific to a part number/revision level. The Donaldson Europe manufacturing plants’ Quality Responsible will administer the SPPAP process. Supplier will receive Donaldson SPPAP template (CORP SQADOC 004 Supplier PPAP Book). In case the SPPAP will be submitted in supplier’s templates, these must be in compliance with AIAG standards. SPPAP is submitted in an electronic way (preferably in PDF format).

A SPPAP is required to be completed by the Supplier for:
1. a new or revised part,
2. a part from new or revised tooling
3. a part from a changed supplier process or material
4. as determined by Donaldson (re-release of inactive part, correction of a discrepancy, etc.)

NOTE: At this time, SPPAP may not be required for bulk materials such as chemicals (e.g. urethane), steel (e.g. rolls, sheets, or structural steel as purchased by GTS and IAF) and electronic goods (e.g. fans, motors, control panels, and circuit boards). It is also not required for catalogue parts (e.g. bolts and nuts) which are identified and/or ordered by functional specifications or by recognized international industry standards.
(DIN, EN, ISO …), exception being to this waiver the purchased Engine Finished Filters where the SPPAP remains necessary. In any case it does not exclude the confirmation of conformity to Donaldson requirements.

It is mandatory, that all the parts/materials must meet Donaldson specifications. The confirmation of conformity can be requested at discretion of the Donaldson Europe purchasing entity (e.g. dimensional report, material certificate, …).

All other direct material/inventory purchased products, including purchased Engine Finished Filters, require a SPPAP.

Any product that has design control by the Supplier shall have sufficient technical documentation to enable Donaldson to verify its integrity.

The inclusion of the various deliverables in the Production Part Approval Process is determined by the assigned Donaldson Buyer in consultation with the cross-functional design team as appropriate. The requirements are communicated to the Supplier via the RFQ and PO. The submission schedule for final approval is communicated via the Purchase Order when the engineering drawings are available and released.

The submission level is determined considering the following factors:
Part criticality
1. Supplier expertise with a specific commodity
2. Experience with prior part submissions
3. Catalogue parts (e.g. bolts and nuts) are identified and/or ordered by functional specifications or by recognized industry standard (DIN, EN, ISO …).

RETENTION/SUBMISSION REQUIREMENTS TABLE
## Retention/Submission Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
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</thead>
<tbody>
<tr>
<td>1. Design Record</td>
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<tr>
<td>- for proprietary components/details</td>
<td>R</td>
<td>R</td>
<td>R</td>
<td>*</td>
<td>R</td>
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<tr>
<td>- for all other components/details</td>
<td>R</td>
<td>S</td>
<td>S</td>
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<tr>
<td>2. Engineering Change Documents, if any</td>
<td>R</td>
<td>S</td>
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<tr>
<td>3. Customer Engineering approval, if required</td>
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<tr>
<td>4. Design FMEA</td>
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<tr>
<td>5. Process Flow Diagrams</td>
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<td>6. Process FMEA</td>
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<td>7. Control Plan</td>
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<tr>
<td>9. Dimensional Results</td>
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<tr>
<td>10. Material, Performance Test Results</td>
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<tr>
<td>11. Initial Process Studies</td>
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<tr>
<td>12. Qualified Laboratory Documentation</td>
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<tr>
<td>13. Appearance Approval Report (AAR), if applicable</td>
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<td>14. Samples product</td>
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<td>15. Master Sample</td>
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<tr>
<td>16. Checking Aids</td>
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<tr>
<td>17. Records of Compliance with Customer-Specific Requirements</td>
<td>R</td>
<td>R</td>
<td>S</td>
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<tr>
<td>18. Part Submission Warrant (PSW)</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>S</td>
<td>R</td>
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</tbody>
</table>

**S** = The organization shall submit to the customer and retain a copy of records or documentation items at appropriate locations.  
**R** = The organization shall retain at appropriate locations and make available to the customer upon request.  
*** = The organization shall retain at appropriate locations and submit to the customer upon request.

S= Submit to attention of the manufacturing plant Quality.  
R= Required, but retain at supplier manufacturing location, readily available to Donaldson upon request  
SPPAP Level 5 will be executed by Donaldson QA at location of supplier. PSW will be submitted by supplier.
* NOTES:
1. Send documentation in pdf or Excel to: responsible manufacturing plant QA
2. Preliminary process capability studies are intended to be performed on a sample size of 30 pieces or more. Cpk must be greater than or equal to 1.33 and Ppk must be greater than or equal to 1.67. Any exceptions to these requirements must be in writing and approved by Donaldson Engineering, Purchasing and Supplier Quality. (NOTE: Donaldson critical dimensions are identified by a black diamond. Please refer to Donaldson EN0239211).
3. Any specific Donaldson requirement must be met.

For more information refer to:
1. The Donaldson SPPAP workbook CORP SQADOC 004 Supplier PPAP Book
12. PARTS AND PROCESS CHANGE NOTIFICATION

Suppliers must notify Donaldson (Purchasing representative) of all changes to parts and processes 12 (twelve) weeks prior to proposed change implementation. A changed process is one that affects function, appearance, dimensional, or reliability/performance characteristics (refer to PUPDOC 011 – Part and Process Change Notification).

- All part and process changes must be officially communicated solely through the Donaldson Purchasing representative. To do so use the PUPDOC 033 “Supplier Product Process Change Request” form.

- Supplier actions will take place only after formal notification and an agreement is reached on what steps to be taken and the price impacts associated with them.

- The Supplier is obligated to inform Donaldson in advance of any changes to their manufacturing processes on any Donaldson part. Before changes can be made, the Supplier must receive an agreement from Donaldson to the changes and the impacts associated with them.

- Once the change proposal is officially submitted to Donaldson Purchasing representative, Donaldson reserves the right to ask for PPAP documentation along with product samples. Purchasing, Engineering and Quality will evaluate the implications of such change and will respond in due time with “acceptance” or “rejection” of the change.

- In most instances, the changed part and/or process will require that the part be re-validated. Your Purchasing contact will notify you of the requirement.

Changes can be classified as material changes, point of manufacturing changes, sub-supplier changes (Tier 2), process changes, design changes, tooling and equipment renewal or modifications, transfer of tooling or equipment, changes in tests or test inspection methods and change in appearance. Suppliers are responsible for notifying material and process changes not only within their premises but also those which happen at sub-suppliers (Tier 2). Suppliers are encouraged to have similar notification process with their sub-suppliers.

NOTE: it is left at discretion of Donaldson Quality to decide on the necessity to have a part inspected within Donaldson locations. In any case the Supplier remains always responsible to guarantee the conformity of the delivered part to Donaldson drawings and specifications. Parts delivered to any Donaldson location prior to Production Part Approval Process Approval must be marked accordingly for identification and segregation.

13. SUPPLIER HELD TOOLING

Suppliers should recommend and/or select manufacturing processes and tooling that ensures production parts meet specified requirements.

Supplier tool recommendations are solicited via Request for Quote by the assigned Buyer and are evaluated on a best overall (total part) cost considering the estimated part volume, the tool cost, and the expected tool life.
All Donaldson paid plastic injection tools should comply with “The Donaldson tool standard” unless otherwise specified by the assigned Donaldson Buyer. The applicable version of “The Donaldson tool standard” shall be the latest existing at the moment of the Purchase Order submission for the concerned tool.

Authorization for supplier held tooling is only by purchase order from the assigned Donaldson Buyer.

Management of tools is regulated with Tooling Protocol which is Appendix E of Strategic Sourcing Agreement (PUPDOC 028).

All tools must be properly identified by fixing a metallic identification plate onto the tool where, at least, the assigned Donaldson tool number, proprietary Donaldson entity name and Donaldson part numbers shall be engraved. Other information as Donaldson customer tool number, tool dimensions, etc, shall be defined at discretion of assigned Donaldson Buyer.

14. NON-CONFORMING PRODUCTS AND MATERIALS

In case of detection of a non-conformity, a non-conformity report (eNCR) will be submitted along with a request for corrective action. The corrective action request can be requested in two different forms as:

a) Fast Track
b) 8D request

eNCR is generated by the Donaldson plant Quality representative and submitted to the Supplier for processing/completion. eNCR is submitted as a description of the non-conformity with its associated costs whereas the Fast Track / 8D is submitted to collect supplier’s feedback in terms of corrective actions.

a) Fast Track
This request form is designed to be used for non-critical issues (e.g.: labelling errors, ship damage complaints, …). These requests require a response from Supplier that provides Donaldson with:

1. Root-Cause investigation
2. Corrective Action plan within 15 days.

b) 8D request
Most of non-conformities will be requested to be processed via a 8D form. This consists on an 8 Step problem solving approach (8D) (refer to CORP QUALDOC 001). When an 8D is required the 8D form will be submitted along with the eNCR to the Supplier. These requests completion require proof of tuse of 5-Why or Fishbone diagram approach (included in the 8D form) to determine and document the root cause as well as the necessary corrective actions.

The 8 Steps and corresponding time deadlines of an 8D form are:

1. Establish the team
2. Describe the problem
3. Develop interim containment actions: due within 24 hours.
4. Define and verify root cause
5. Choose and verify permanent corrective action: within 10 working days
6. Implement and validate permanent corrective action: within 21 working days.
7. Choose actions to prevent re-occurrence
8. Approval and Closure – recognize the team!: within 60 working days (including preventive actions implementation).
NOTE: it is left at discretion of Donaldson Quality and Purchasing representative to extend or shorten the time deadlines of each of the 8D Steps based on the circumstances.

Costs associated with defective or non-conforming products, together with an administrative fee of € 75 per eNCR, will be charged to the Supplier.

Should a Donaldson plant production line be interrupted as a result of defective or non-conforming products or late delivery from a Supplier, Donaldson reserves the right to charge the associated cost to the Supplier. Those line-stop charges may include, but are not limited to: machine or line set up, parts or material inspection and sorting, material handling, product expediting, Donaldson production and customer downtime. The amount claimed may vary in function of the type of operation, of the production line and of the number of people involved.

15. PACKAGING AND LABELLING

It is the sole responsibility of the Supplier to ensure that the selected packaging material protects adequately the product and that all labelling requirements are met in line with the European Odette automotive standards.

The labels should contain, but are not limited to: Donaldson PO #, receiving plant, Supplier name, number and address, Supplier and Donaldson item reference, item quantity, net and gross weight, product batch/lot reference, production & shipping date, expiration date…Those indications may vary according the product type and the Donaldson receiving plant, details are described and explained in the Donaldson Europe Supplier Labelling Standard (PUPDOC 024).

Besides protecting the product, the packaging design must be ergonomic for users and meet the lowest total cost, particularly with regard to efficient transport utilization and lean manufacturing requirements (e.g.: batch sizes, KANBAN line side feeding…)

Returnable packaging should be encouraged when its cost is effective and when it meets Donaldson requirements. When returnable packaging is not feasible, environmentally friendly, recyclable materials should be used.

Pallets and other wooden containing packaging must be ISPM-15 compliant. Pallets should be four ways accessible. Euro pallets are recommended. Packaging type material and dimensions may vary according product shipped and specific requirements of the Donaldson plant to be agreed with your local Donaldson Purchasing contact.

Packaging and labelling are part of the supplier manufacturing process and should be included as appropriate in the supplier’s FMEA, Quality Plan, PPAP when these tools are used.
A specific packaging instruction to be prepared, submitted to and approved by Donaldson.

16. SHIPMENTS

All shipments to our plants must be executed during office hours as indicated by locations. All trucks must be compliant with the European Standard Regulations to allow unloading via dock doors. We have regular contracts with specific freight forwarders where we obtain preferred rates.
In applicable cases it may be possible to reduce transportation costs by using our preferred transportation sources. Please check this with your local Donaldson Purchasing contact.

17. GOVERNMENTAL & SAFETY CONSTRAINTS

Donaldson expects its Suppliers to be fully aware of, and have quality programs in place to assure their product and the process to manufacture it are in full compliance to all legislated requirements in the country of the purchasing entity and in the European Community. To comply with its environmental obligations, Donaldson sends regular questionnaires about use of restricted substances. Suppliers are expected to reply to questionnaires in due time and/or contact their Purchasing contact in case of concerns/questions.

RoHS


DECLARABLE SUBSTANCES

Products and parts supplied to Donaldson must be free of prohibited substances per GLOBAL DECLARABLE SUBSTANCES LIST (GADSL, see http://www.gadsl.org). The declarable substances in excess of the threshold limits defined in GADSL must be reported.

REACH

Suppliers to Donaldson Europe should be aware of and fully comply to the REACH regulations. REACH stands for Registration, Evaluation and Authorization of Chemicals. More information can be obtained at: http://www.acea.be/industry-topics/tag/category/reach

CONFLICT MINERALS

Suppliers to Donaldson Europe should be aware of and fully comply to the present and future legislations regarding use of Conflict Resources. As an American company, Donaldson is obliged to audit its supply chains and report usage of conflict minerals as per the 2010 Dodd–Frank Wall Street Reform and Consumer Protection Act. The four most prominent Conflict Minerals are cassiterite (for tin), wolframite (for tungsten), coltan (for tantalum), and gold ore (3T’s and Gold) but additional minerals may be added to this list in the future.

18. TRADE COMPLIANCE

Donaldson expects its Suppliers to comply with all applicable import and export laws, regulations, and policies. All Supplier facilities must abide by the local and international export and re-export controls where Supplier conducts business.
Country of Origin, Harmonized Tariff Code and Preferential Status

When a Supplier regularly supplies Donaldson with goods whose status in respect of the rules of origin is expected to remain constant for considerable periods of time, it may provide a single declaration to cover subsequent shipments of those goods, hereinafter referred to as a “Long Term Supplier Declaration” (LTSD).

A LTSD can be issued for a two-year period from the date it has been signed and stamped. It can also be issued with retroactive effect. In such cases, its validity may not exceed the period of two years from the date on which it came into effect.

The LTSD can declare applicability of the delivered goods to enjoy a trade Preferential Status or otherwise Non-Preferential Status. In either case the signed and stamped LTSD is to be provided in the corporate template of Donaldson.

Donaldson expects its Supplier annually to fill in the LTSD containing Item, Item Description, HS Code and Country of Origin information. The declaration must be submitted signed and stamped and submitted to Donaldson. At the same time that same information of HS code, Country of Origin and trade Preferential Status applicability is to be submitted in MS Excel form in the format provided by Donaldson. The Supplier is requested to reply within ten (10) working days with accurate data once it receives the inquiry from Donaldson.

The Supplier shall inform the assigned Donaldson Buyer immediately when the Country of Origin is no longer valid in relation to the goods supplied.

In case Donaldson or its’ customers is penalized by customs due to wrong information supplied by the Supplier, Donaldson reserves the right to pass on all incurred expenses to the Supplier.

19. ENVIRONMENTAL, HEALTH & SAFETY CERTIFICATIONS

Consistent with Donaldson’s commitment to uniformly apply high standards of ethics and conduct wherever Donaldson does business, Donaldson is also committed to efficiently and effectively reducing the environmental impacts of the operations across the whole supply chain while guaranteeing safe, healthy and compliant workplaces for Donaldson employees, visitors and business partners.

Donaldson expects Suppliers to be committed in kind to reducing their environmental footprint and guaranteeing their employees’ occupational health & safety whenever and wherever they conduct business and operations.


Donaldson assigned Buyer will take in special consideration Suppliers with the above certifications during any business award selection process.

Should any potential business opportunity require as compulsory the above-mentioned certifications the assigned Donaldson Buyer will have such clearly stipulated to Supplier in the pertinent RFI/RFQ.
20. PRICING POLICY

Donaldson is always open to our supplier’s suggestions on ways to decrease cost. We expect that our Suppliers will pursue activities that will provide a minimum of 0.5% of the total amount of goods sold to Donaldson in annualized cost savings.

If it becomes necessary to review your prices, we have the following as a minimum requirement:

1. 45 days written notification of the proposed price increase
2. Supporting documentation, including labour, material and overhead cost justification
3. Complete list of all parts affected that includes the old and new prices
4. Off-setting cost reduction proposals

21. QUOTING

The quoting process is an important part in decreasing our “time to market”. This “time” is continually shrinking and it is becoming necessary that Donaldson quote products and projects faster. It is our goal to have suppliers who are capable of responding with their best quote in a 24 to 48-hour time frame (where applicable) and in any case no longer than 10 working days.

22. iSupplier

iSupplier is the Portal of Donaldson to exchange transactions with Suppliers. It allows sending Purchase Orders, receive Order Acknowledgements, approve change requests, receiving ASN (advanced shipment notice), view receipts and agreed pricing as well as view forecast schedules.

The benefits include but are not limited to:

**Data reliability:**
- When Donaldson receives ASN’s, it can score the Supplier more accurately since it would know when the shipment happened exactly.
- The number of hand-overs versus traditional transaction exchange is reduced (ex: No more e-mailing of PO’s).

**Speed:**
- Change requests submitted by the Supplier are seen (and approved/rejected) immediately by the Buyer compared to an e-mail or phone conversation.
- Similarly, changes that Donaldson Buyer makes to the order are immediately seen by the Supplier (and approved/rejected).

**Visibility:**
- System keeps history of shipments, receipts, pricing, contracts…
- Suppliers can see Donaldson’s forecast.

✔ Donaldson requires all new suppliers to be part of iSupplier system.
✔ Donaldson will provide the necessary training and login information to all new Suppliers.
✔ Donaldson will also migrate over-time all legacy Suppliers to iSupplier.
✔ Exceptions include e-Kanban/Kanban Suppliers & consignment stock programs which require a different setup of PO/PO acknowledgement.
23. FORMS AND INSTRUCTIONS

The following forms are considered “generic” and are available from several sources including AIAG (see below). Printed or electronic versions may be available on demand by contacting the Donaldson Quality / Purchasing representative:

- Process Flow Diagram
- Process Failure Mode and Effects Analysis
- Quality/Process Control Plan
- Potential Process Capability
- Dimensional Report

24. REFERENCES

The following are available by enquiring your Donaldson Purchasing contact:

- PUPDOC 002: Donaldson Europe Supplier Questionnaire
- CORP SQADOC 001: Supplier Audit Checklist
- CORP SQADOC 006: Supplier Audit Checklist « Self-assessment »
- PUPDOC 011: Part and Process Change Notification
- PUPDOC 020: Donaldson Buys Value Program Guidelines
- CORP QUALDOC 001: 8D problem Solving Form
- CORP SQADOC 002: Rapid Plant Assessment
- Appendix E PUPDOC 028: Tool Protocol

The following are available by contacting AIAG - Automotive Industry Action Group:

- Quality System Requirements (IATF 16949:2016)
- Quality System Assessment (QSA)
- Advanced Product Quality Planning (APQP)
- Measurement Systems Analysis Manual (MSA)
- Statistical Process Control Manual (SPC)
- Production Part Approval Process (PPAP)
- Potential Failure Mode and Effect Analysis (FMEA)
NOTE: The information in this booklet can also be found on the Donaldson EMEA Supplier Site. To access, go to http://www.emea.donaldson.com/en/supplier/index.html.

This booklet describes Donaldson Europe Quality and Purchasing standards and expectations which may be overruled by existing or future specific contractual agreements with the Supplier. Therefore the contents of this booklet do not intend to change any existing contractual agreement.

Signature:      Date:

Title:        Company: