



# SKOV A/S

## Supplier Handbook

### *How to Cooperate*

Revision  
October 2018

## Dear Supplier

SKOV A/S wants to be the largest and most acknowledged partner providing climate solutions and farm management for animal production worldwide, which ensure optimum conditions for animals, humans and environment.

*Our Vision requires that*

SKOV A/S only cooperate with suppliers focusing intensely on **costs, quality, logistic** and **flexibility**.

In addition, we focus on cooperating with suppliers, which shows the right **attitude**, has the right **mind-set** and showing **readiness** to solve all kind of challenges regarding above mentioned requirements.

This Supplier Handbook inform you about SKOV A/S' expectations and requirements regarding the cooperation with your company.

*Mads Andersen*

*Chief Operations Officer*

*Jens Nielsen*

*Procurement Manager*

**SKOV A/S wants to be a preferred partner to our customers**

**SKOV A/S wants to be a preferred customer at our suppliers**

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**SKOV A/S**

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## 1 General Information

### We want long term relations with our main suppliers

Long term relations based on trust, openness and understanding, and relations which contributes to, that SKOV A/S will fulfil their Vision.

This Supplier Handbook describes the guidelines of the cooperation with SKOV A/S and all companies within the SKOV Group, and is an appendix to the contract or agreement signed between SKOV A/S and your company.

The Supplier Handbook is a consequence of the requirements and expectations which SKOV A/S has experienced from especially export customers the last couple of years. Requirements and expectations which require that SKOV A/S is in control of the entire supply chain - from product is developed and manufactured to product is delivered, installed and maintained on site.

SKOV A/S operates with the following three documents:

1. SKOV A/S Trade Agreement
2. SKOV A/S Conditions for Purchase and Delivery
3. SKOV A/S Supplier Handbook – How to Cooperate

SKOV A/S Trade Agreement is mainly used for suppliers categorized as *Strategic, Capacity or Bottleneck*.

SKOV A/S Conditions for Purchase & Delivery is mainly used for suppliers categorized as *Standard*.

## 2 SKOV A/S Sourcing Process

The Purchasing Department is a 'key player' in the Project Stage Gate Model at SKOV A/S and do have an important role in choice of suppliers for new product developing.

It's a clear strategy that SKOV A/S wants as few suppliers as possible to secure closer relations and benefits of greater buying power. Therefore, we always involve our preferred suppliers in new product developing.

If new products require cooperation with new ABC suppliers, the suppliers will be evaluated according to our Supplier Assessment Form (SAF). SAF includes factors as Financially Situation, Certifications, Production Facility, Quality Management and Key Performance Indicators.

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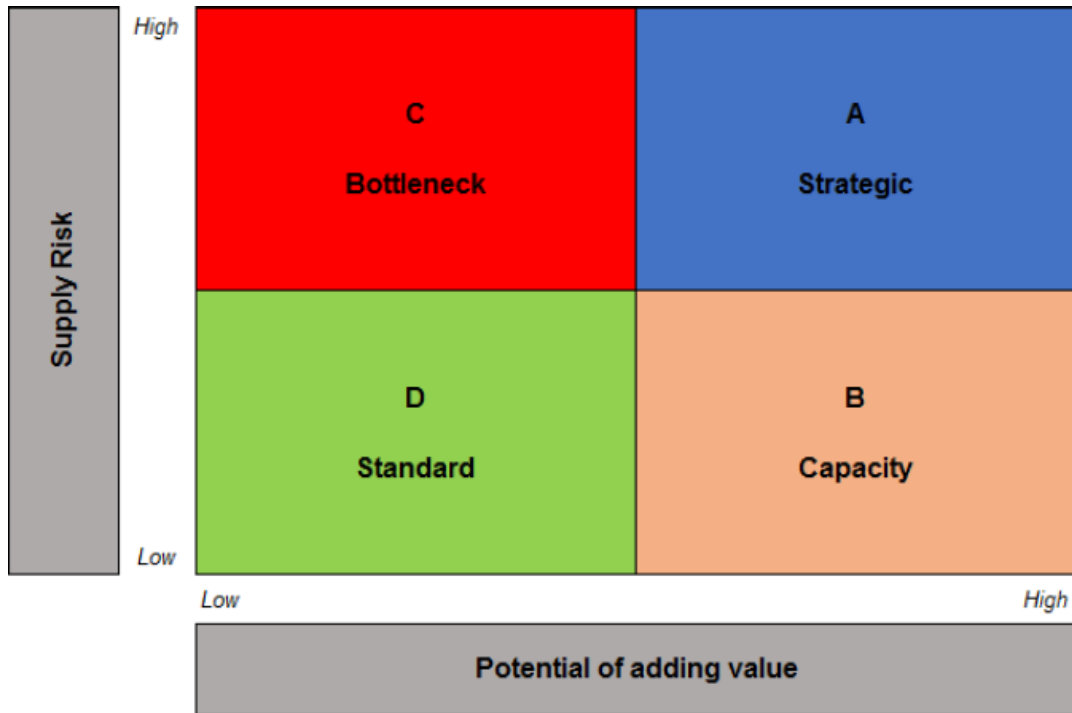
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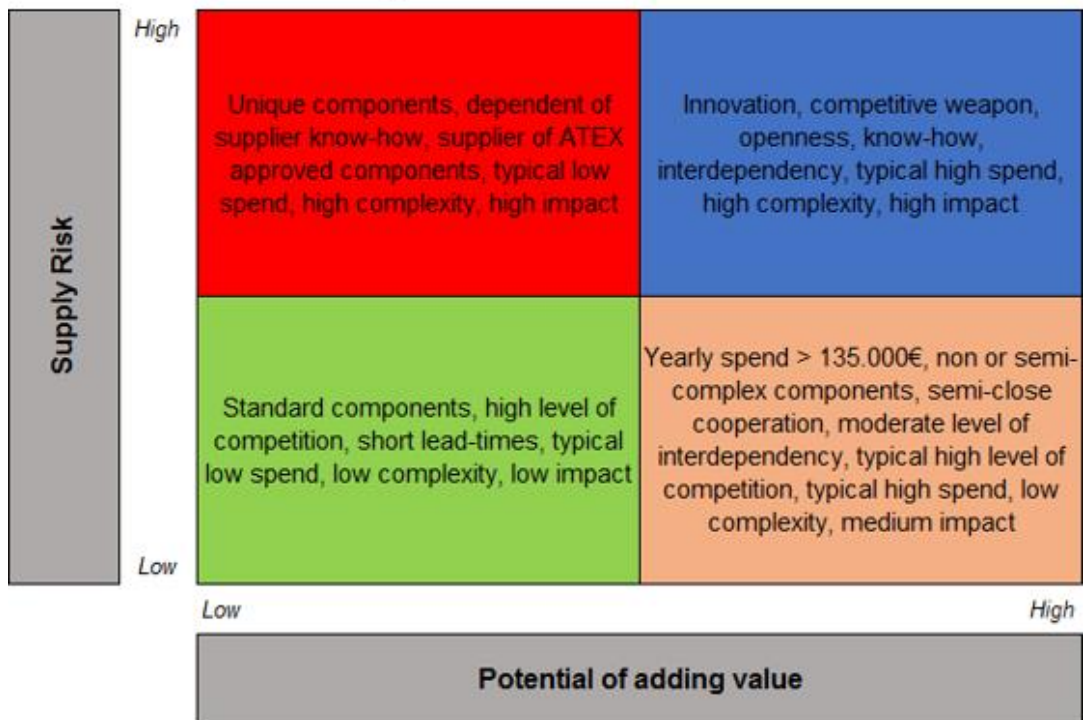
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## Supplier Segmentation and Supplier Approach

### Supplier Portfolio Model



### Segmentation Characteristics



### 3 Contacts at SKOV A/S

<b>Name</b>	<b>Function</b>	<b>Phone</b>	<b>Mobile</b>	<b>Email</b>
Jens E. Nielsen	Procurement Manager	+45 72 17 55 38	+45 25 66 00 11	<a href="mailto:jen@skov.dk">jen@skov.dk</a>
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### 4 Delivery Service

To become the largest and most acknowledged partner providing climate solutions and farm management for animal production worldwide, it is essential that SKOV A/S is able to maintain a World Class Delivery Service to our end-customers.

SKOV A/S defines a World Class Delivery Service level as follows:

#### Quality

*The supplier must always deliver in accordance with approved specifications. Failure rate higher than 500 PPM / Sigma 4,80 for a 12-month period is not acceptable.*

#### Flexibility

*If required, the supplier must perform a high level of willingness and readiness to meet our end-customers' requirements. Requirements regarding fast delivery, change of packaging, labelling and much more.*

#### Delivery accuracy

*The supplier must be able to deliver according to the first confirmed delivery date.*

*As supplier for SKOV A/S, you are expected to be able to maintain a delivery accuracy of minimum 97,50% over a period of 12 months. In other words; 97,50 of 100 order lines must be delivered on time according to at the **first confirmed** delivery date.*

**On time = +0 / -3 days**

**The ability of the supplier to deliver on time will be measured as follows**

- Actual delivery date measured against the **first confirmed** delivery date.
- Actual delivery date measured against a **new confirmed** delivery date, if SKOV A/S wish to **postpone** the delivery date.

- *Actual delivery date measured against a **new confirmed** delivery date, if SKOV A/S require a faster delivery and this faster delivery is accepted by the supplier.*

## 5 Lead-time

Lead-times will be agreed individually for each supplier / each product group.

The end-customers for SKOV A/S require an availability level higher than 90% and do in general require a lead-time no longer than 21 days Ex-Works SKOV A/S.

These requirements require that lead-times from you as supplier must be reduced to an absolute minimum and we do expect that you

- are willing to be stockholder of products to SKOV A/S
- are willing to produce according to forecast provided by SKOV A/S
- are able to handle min/max stock in your own warehouse
- are able to handle frame orders with continuous call offs

## 6 Quality

### SKOV A/S require a World Class Product Quality

For each product and measured for a 12-month period, we do expect an achievement of an overall PPM of less than 500, which will be measured as follows

- *Amount of defective products / total quantity received x 1.000.000.*

Defective products include all non-conformities defined as supplier errors identified

- *on receipt of product*
- *in the production process at SKOV A/S*
- *in the mounting process at the customer*

**SKOV A/S require a Quality Management System which includes the following**

### Process Control

Because defects which occur during the production process will at some point appear at SKOV A/S, or even worse at a SKOV A/S customer.

### Final Inspection

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SKOV A/S has no incoming inspection; the supplier must therefore ensure that the product meets the specifications for dispatch.

### **Handling Non-Conforming Products**

If / when product defects are identified, it is important that routines exist to ensure that gates are closed in order to prevent delivery of defective items and that products are kept away from OK items to prevent them from being delivered to SKOV A/S.

### **Corrective Action / Continuous Improvement**

It is important the supplier has routines for corrective actions. If / When defects occur, it must be possible to correct them directly, and in the long run, improvements must be implemented to prevent the defects from recurring.

### **Production Basis**

It is important to SKOV A/S that the supplier has the documentation required to perform his work to ensure that changes / improvements which may be implemented can be integrated.

### **Complaints Handling**

The supplier must have an established rule for handling complaints. Should it be necessary for us to complain about a product delivered, we must know that such an incident will be handled and recorded in order for the supplier to evaluate his own abilities.

### **Document Control**

It is important that the supplier has document management since it is essential to us that the supplier is able to control revisions of drawings in cases where SKOV A/S specifies the product. Suppliers must also be able to deliver certificates of their supplies.

The points above will be included in SKOV A/S' evaluation as well as in the continuous supplier evaluation and the score on these points will therefore make up the basis of the assessment.

### **RoHS, WEEE and REACH**

The supplier must guarantee,

- that all products delivered to SKOV A/S are RoHS compliant in accordance with the [RoHS Directive](#).
- to comply with the, at any time applicable, [WEEE Directive](#).
- that all products delivered to SKOV A/S complies with the, at any time applicable, [REACH Regulation](#).

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## 7 Administrative Order Processing

### 7.1 Purchase Order

SKOV A/S forwards purchase orders twice per day for products and components supplied to our daily production or in any other way to our sales orders. Purchase orders from SKOV A/S are generated via MRP runs and are administered internally by the Purchasing Assistants responsible.

Lead times agreed in advance with the supplier forms the basis of the creation of the order and the subsequent forwarding of the order. Orders are forwarded to the supplier by e-mail or EDI.

A purchase order from SKOV A/S contains, among other things, the following:

- Purchase order number
- Delivery address
- Agreed Terms of Delivery and Terms of Payment
- Reference person
- Drawings, revision number (if available)
- SKOV A/S part number and description
- Suppliers part number or approved manufacture part number (if available)
- Quantity ordered
- Price agreed
- Requested delivery date at SKOV A/S

Purchase order 4500200934					
Supplier name		Delivery address			
Address		SKOV A/S			
Postal code		Hedelund 4			
Attention		7870 Glyngøre			
		Mrk.:			
Page 1 / 1					
Your reference	Vendor	Phone	Fax	Date	
	20256	72 17 56 62	72 17 58 62	19.06.2017	
Terms of delivery		Terms of payment		Our reference	
DDP Glyngøre		60 days net, 10 days -1%		Lene/Kasper / lmh@skov.dk	
Position	Material	Quantity	Unit	Unit price in DKK	Delivery date
10	<p><b>Please send an order confirmation no later than the next business day</b></p> <p>SKOV part number SKOV part description</p> <p>Approved manufacture part number</p> <p><b>Total excl. VAT DKK</b></p> <p style="border: 1px solid red; padding: 2px;">Please note that the Delivery date indicates the arrival date at SKOV A/S</p>		Quantity/Pcs	Unit price	Delivery date at SKOV
				Total order value	

## 7.2 Order Confirmation

To be able to meet our customers' requirements for a quick response, SKOV A/S must receive the order confirmation no later than one (1) working day after the date on which the order was placed.

The order confirmation is to confirm the purchase order in terms of quantity, price, date of delivery (at SKOV A/S) and place of delivery.

In cooperation with our suppliers, SKOV A/S wants to reduce the time spent on non-value creating, administrative work. We therefore require that the order confirmation be transmitted electronically, either via SKOV A/S' Web Portal or via an EDI connection.

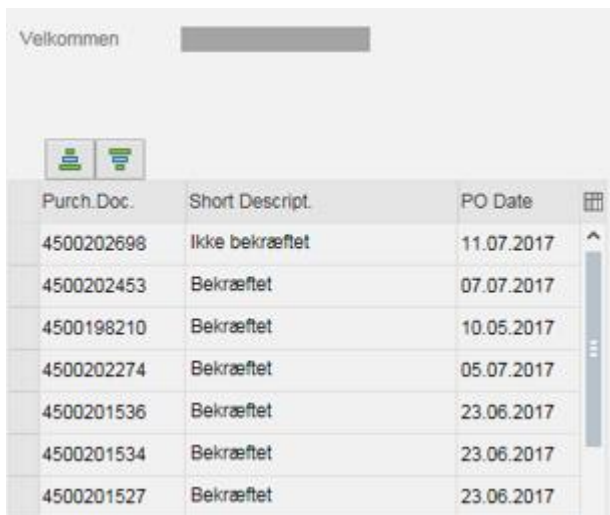
## 7.3 SKOV A/S' Web Portal

SKOV A/S' Web Portal allows the supplier to access SKOV A/S ERP system directly via a login and a password, and thus ensures easy and quick access to confirming the purchase order.

This Web Portal provides SKOV A/S and the supplier with a common interface where all non-delivered purchase orders are visible, giving them a quick overview of purchase orders not yet confirmed.

The portal allows the supplier quick confirmation of a purchase order; by clicking once, the date confirmed will be registered in SKOV A/S ERP system. This reduces the risk of the confirmation disappearing and prevents the supplier from receiving reminders concerning missing order confirmations.

Below picture illustrates the back-log of *not delivered* purchase orders from supplier X.



Purch.Doc.	Short Descript.	PO Date
4500202698	Ikke bekræftet	11.07.2017
4500202453	Bekræftet	07.07.2017
4500198210	Bekræftet	10.05.2017
4500202274	Bekræftet	05.07.2017
4500201536	Bekræftet	23.06.2017
4500201534	Bekræftet	23.06.2017
4500201527	Bekræftet	23.06.2017

To get access to the Web Portal, please contact your contact person at SKOV A/S.

Your contact person will provide you with username, password and instruction.

## 7.4 EDI Connection – Concept

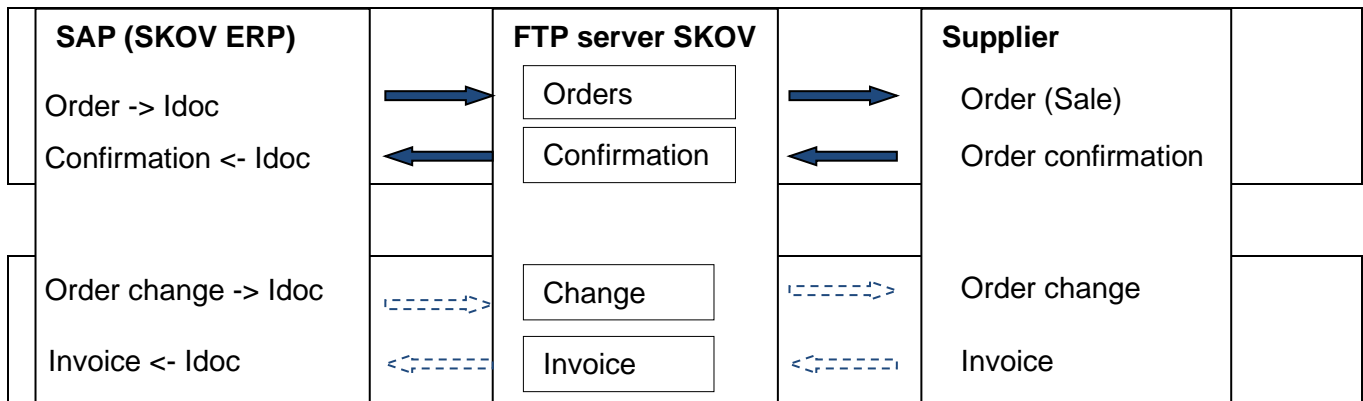
When doing business with SKOV A/S, it's possible to establish an EDI connection so that SKOV A/S and the supplier can send purchase orders, order confirmations and invoices via EDI.

SKOV A/S uses the OIOUBL XML format. The XML format is the same format in which public authorities in Denmark require all suppliers to deliver invoices.

SKOV A/S is able to order products by sending XML order files, and order confirmations can be received as well.

SKOV A/S is also able to send order changes and to receive invoices in the same OIOUBL format.

Documents are exchanged via the OIOUBL format using SKOV A/S' FTP server. The overall principle of this system is shown below.



Links to information regarding the OIOUBL standard: [OIOUBL information](#)

## 8 Labelling Products

All physical dispatches to SKOV A/S must meet SKOV A/S' standard delivery requirements.

### 8.1 Packaging Goods

Goods received at SKOV A/S must meet the following requirements:

- Packaging of wood (pallets and wooden boxes) must be heat-treated in accordance with ISPM15
- Packaging may not contain polystyrene
- Packaging may not contain chipboard
- Neutral packaging without logos and supplier company name
- A minimum fork opening of 10 cm on all pallets (for handling by ordinary pallet trucks)

Any packaging which differ from above, must be approved in written by SKOV A/S

### 8.2 Labels

The smallest packaging unit must be marked with a packaging label.

The size of label must fit the size of the packaging unit. Internally, SKOV A/S use the label sizes 70x30mm and 105x105mm.

The label must contain the following:

- |                                     |                    |
|-------------------------------------|--------------------|
| ▪ SKOV A/S part number              | <i>Mandatory</i>   |
| ▪ Bar code for SKOV A/S part number | <i>Mandatory</i>   |
| ▪ Date for delivery                 | <i>Mandatory</i>   |
| ▪ Quantity                          | <i>Mandatory</i>   |
| ▪ Country of origin                 | <i>Mandatory</i>   |
| ▪ SKOV A/S part description         | <i>If possible</i> |

Below are examples of labels

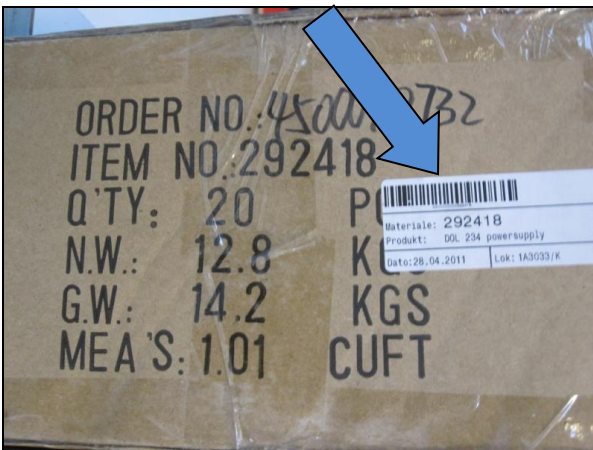
**Small product label 70 x 30mm**



**Large product label 105 x 105mm**



The label must be placed on the packaging (*not pallet*) and must be visible at goods receipt.



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### 8.3 RoHS Marking

All electronics or components used for electronic equipment must be clearly marked with RoHS or Non-RoHS compliant symbol.

Below example illustrate clearly that the component is RoHS compliant.



### 8.4 Bar Codes

The bar code on the label must observe the following rules:

- Type: Bar code UCC/EAN 128
- Without application identifier and control digits
- Standard font is CAN number 3 ~ Swiss 721. The size can be selected between 3 and 6 in CAB.
- The height of the bar code must at large labels be minimum 15mm
- The height of the bar code must at small labels be minimum 8mm




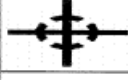








Example of bar code for part number 292418





## 8.5 Handling / Transport Symbols

Handling symbols must be used to the extent required.

Transport symbol	Meaning
	<b>Stand upwards</b> Shows the correct resting position of the package.
	<b>Protect from moisture</b> The goods must be kept dry.
	<b>Fragile goods</b> Easily damaged or broken, handle with care.
	<b>Centre of gravity</b> This point indicates the location of the centre of gravity of the load.
	<b>Protect from sunlight</b> Protect from heat and direct sunlight..
	<b>Sealed packaging</b> The packaging is sealed and the seal should not be damaged.
	<b>Mechanical gripping</b> The package should be gripped mechanically here.
	<b>Fork-lifting not to be used</b> Do not use a forklift at this point.
	<b>Additional loading</b> This shows the maximum additional load the packaging can carry, given in kg.
	<b>Temperature tolerance</b> Gives the maximum and minimum temperature.
	<b>Not to be stacked</b> The packs are not to be stacked.
	<b>Handle with care</b> The pack must be handled carefully.

## 8.6 Condition of Goods

- In general, goods must be stored indoor at the supplier due to the ISPM15 regulations in connection with export to countries where observance of ISPM15 is required.
- Supplies for SKOV A/S must be adequately packaged.
- Goods must arrive in the same condition as when they left the supplier.
- Goods may not project beyond the width / length of the pallet on arrival.
- In case of deviations, we will document and inform the supplier of the defects for corrective actions to be carried out.








## 9 Shipping Documents










### 9.1 Delivery Note

As a minimum, suppliers must provide delivery notes with the following information **in text and bar codes**:

- 1) SKOV A/S purchase order number
- 2) Supplier's delivery note number
- 3) SKOV A/S part number
- 4) Quantity

Example of approved delivery notes

Delivery Note						
DELIVERY SLIP No.						
3816783141						
 2						
Deliver to:  SKOV A/S EAN 5790001969233 HEDELUND 4 7870 Roslev DK			Bill to:  SKOV A/S EAN 5790001969233 HEDELUND 4 7870 Roslev DK			
Item	Customer Part Number Order No. / Item Req. Date Description/ Manufac. Distributor Order No. Value added / comments	Customs Tariff No./ ECCN/AL Weight	Total Quantity Quantity by DC	Datecode (DC)	CoO	Data- Matrix
1.	275223   3  4500199238   1		2.500		CN	
			 4			

CUSTOMER CODE	SHIP DATE	BOX(ES)	PAGE	SHIPMENT #
BOX-ID: 906548070				
Ref. #:	798433		 2	
Cust PO #:	4500190763		 1	
Cust PO line:	001			
Cust part:	253512		 3	
Qty:	15000		 4	
Mfr:	LITTELFUSE			
Mfr part:	SMBJ33A			
Lead Free/RoHS compliant				
Date Code:	1719			
TARIC - imports:	8541.10.00.00	CoO:	CN	
			ECCN - exports:	ECL99
		CoC		BIN

## 9.2 Placing of Delivery Note

Delivery note **MUST** be placed on the outside of the packaging in a plastic pocket – as illustrated below.

