

# Roxell Vendor Manual



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# Roxell Vendor Manual

## 1. General introduction

The purpose of the Roxell Vendor Manual is to describe what Roxell considers to be the requirements to apply in the execution of purchase agreements by the Vendor.

These best practices are a natural consequence of our mission:

- / Be the worldwide leader in livestock systems
- / Innovate products and processes continuously
- / Give people the passion to create customer satisfaction

Roxell expects all Vendors to maximize their efforts to meet these requirements – if applicable to their deliveries – in their relationship with Roxell, in order to:

- / deliver to Roxell at the lowest total cost of ownership (TCO), taking all elements into consideration, including, but not limited to:
  - Safety
  - Quality
  - Purchase price
  - Order processing cost
  - Lead times
  - Liability
- / ensure a long-term relationship with Roxell
  - creating stability in the operations
  - enabling a win-win situation for both

Roxell applies these requirements as a whole or as a part of its formal delivery agreements between Roxell and the Vendor.

## 2. Agreements

### **a) Roxell's General Conditions for Purchase and Delivery**

These are the general Conditions for Purchase and Delivery, which are applicable to all purchases and deliveries, if no other supplementary agreements have been made.

### **b) Roxell's Supplier Code of Business Conduct and Ethics**

Roxell requires suppliers to adhere strictly to the guidelines in Roxell's Supplier Code of Business Conduct and Ethics and maintain a zero-tolerance policy towards any noncompliance.

Third parties not willing to adhere to these guidelines will not be considered as a Vendor.

### **c) Vendor Specific Delivery Agreement**

Roxell believes each Vendor relationship should commence with the goal of establishing a long-term relationship. Roxell believes long-term Vendor relationship success begins by defining the best practices in a Delivery Agreement.

This Delivery Agreement will cover the elements of the specific relationship which are not covered sufficiently in:

- / Roxell's General Conditions for Purchase and Delivery
- / Roxell's Supplier Code of Business Conduct and Ethics

#### **d) Non-Disclosure Agreement (NDA)**

Prior to the Delivery Agreement, a Non-Disclosure Agreement (NDA) can be concluded between Roxell and a third party in case:

- / A long term relationship still has to be evaluated by both parties.
- / This evaluation requires the access to confidential information by one party for the other party.

This Non-Disclosure Agreement (NDA) ensures that as part of the evaluation process no confidential information will be disclosed that would harm the interests of one of the parties.

## **3. Quality**

### **a) Product Leadership**

Roxell is recognized as the market leader in product quality. The materials and goods supplied by the Vendor must correspond fully to the specifications defined by Roxell and agreed upon with the Vendor, in order not to endanger Roxell's leadership position.

### **b) Quality Assurance**

The Vendor must put sufficient procedures in place to assure that the goods delivered to Roxell correspond fully to the specifications required by Roxell.

Roxell will have the right to audit these procedures at the location of the Vendor, in order to ensure that existing procedures are sufficient.

### **c) Quality Complaints**

When Roxell detects a quality defect in the goods supplied by the Vendor, it will issue a formal written Quality Complaint to the Vendor. This complaint can be issued at the moment of the reception of the goods or at a later stage, if the defect was not detected immediately.

Roxell expects a prompt written reply from the Vendor regarding the complaint listing the corrective and preventive actions to be taken.

- / Corrective actions are actions to remedy the detected defect (such as free of charge delivery, credit notes, express transport, re-working, etc.)
- / Preventive actions are actions to prevent that the same defect is detected in future deliveries (such as blocking inventory, additional quality controls, adjusted production processes, etc.)

## **4. Pricing**

### **a) Total Cost of Ownership**

The Purchase Price is an important element, but it is only a part of the Total Cost of Ownership. Roxell aims at achieving the lowest Total Cost of Ownership for its purchases, which takes into account elements other than just the Purchase Price.

### **b) Validity**

Roxell has pricing commitments to its customers. Consequently, this requires that prices agreed between the Vendor and Roxell have an agreed validity period and that any change is communicated 3 months prior to the effective date, except in cases where price changes are based on market conditions and a periodic price revision process is in place.

### **c) Market conditions**

Roxell recognizes that market volatility in input costs can have a strong impact on the purchase price and may endanger a long-term relationship.

For those items, a periodic price revision process must be defined, in which prices are reviewed due to market conditions for raw materials. This process requires the following elements to be defined:

- / The nature of the raw material
- / The share of the raw material cost in the purchase price
- / The reference cost of the raw material, as defined in public information or indices
- / The frequency of the price revision process
- / The threshold for executing the price revision process

The use of a periodic price revision process guarantees that the purchase price will follow the market over the long term, and both parties should accept that this can result in both upward and downward revision of the purchase price.

### **d) Transparency**

Roxell expects a transparent purchase price structure, based upon an open book calculation. This enables Roxell to ensure that:

- / the Vendor generates a margin, which enables it to create a sustainable business
- / Roxell understands the elements which drive the costs

Changes in the elements which drive costs, such as material changes, volume changes, packaging changes, etc. will impact the purchase price without jeopardizing the sustainability of both parties.

### **e) Cost-out's**

Roxell expects its Vendor to evaluate its own processes continuously to ensure its long term competitiveness and to adjust its pricing for Roxell accordingly.

In this way, the Vendor ensures that its offering will remain the best option for Roxell compared to its competitors and that the long-term relationship will continue.

## **5. Documents**

### **a) Purchase order**

Any purchase by Roxell is only valid through a written Purchase Order.

The Purchase Order shall clearly indicate:

- / Article number
- / Description
- / Requested quantity
- / Requested delivery date
- / Location of delivery.

This requested delivery date on the order is the date when the goods must arrive at the delivery location.

The Purchase Order will have a Purchase Order Number, which will be cited in all further documentation.

### **b) Purchase order confirmation**

The Vendor must confirm the Purchase Order within 48 hours (by mail or fax), using the Purchase Order Number as a reference.

The confirmation should not contain any changes to the Purchase Order.

### **c) Delivery note**

All deliveries to Roxell must be accompanied by a delivery note indicating clearly:

- / Roxell's Purchase Order Number
- / The items delivered, with the same number and description as in the Purchase Order
- / The quantities delivered, in the same measuring unit as in the Purchase Order

The delivery note should not contain items or quantities deviating from the Purchase Order Confirmation. If the document is placed on the goods, it needs to be placed in a plastic adhesive pocket.

### **d) Invoice**

Roxell expects the invoice for the delivery within 30 days of delivery, indicating clearly:

- / Roxell's Purchase Order Number
- / The items delivered, with the same number and description as in the Purchase Order
- / The quantities delivered, in the same measuring unit as in the Purchase Order
- / The price

The invoice should not contain deviating pricing from the Purchase Order Confirmation and the quantities in the Delivery note.

Invoices must be sent in a single copy and be printed one-sided (without staples). Roxell may request that the Vendor sends electronic invoices.

## **6. Assets of Roxell**

### **a) Identification**

All assets paid by Roxell and used by the Vendor at its premises must be marked or labeled in a non-erasable way with "Property of Roxell" and the identification number as provided by Roxell.

### **b) Use**

The vendor shall use these assets with due care and diligence and inform Roxell as soon as possible if these assets are no longer suitable for the function for which they were provided.

Roxell can request a list of these assets at any time with a description of the physical state of the assets and an estimate on the potential risks of ineffectiveness the next 12 months.

### **c) Disaster Recovery Plan**

When not in use, the vendor shall store these assets in a safe location, protected from potential risks and threats linked to its business processes.

The Vendor must have a Disaster Recovery Plan, in which these assets are included, and shall inform Roxell, upon request, of Disaster Recovery actions with respect to these assets.

### **d) Audit**

Roxell can visit the premises of the Vendor at any time to verify the state of these assets.

For that purpose, the Vendor must be able to provide Roxell with a list of these assets at its premises with their location.

None of these assets are permitted to leave the premises without prior written confirmation to Roxell.

### **e) Right to remove**

The use of these assets by the Vendor does not represent any commitment by Roxell to the continuity of the relationship. Roxell may at any time collect its assets for use other than that by the Vendor.

## **7. Planning**

### **a) Capacity**

Unless the Vendor has informed Roxell of capacity restrictions, Roxell's planning shall consider that the Vendor is able to deliver any amount within the agreed lead times.

If Roxell provides the Vendor with a monthly forecast, then it is expected that the Vendor has the flexibility (based on capacity and/or inventory) to deliver up to double the monthly forecast within the agreed lead times.

The monthly forecast is not a commitment to purchase by Roxell, but an indication of the flexibility Roxell requires from the Vendor for a given period.

Based on the delivery history (incl. seasonality) and expected future deliveries, the Vendor should also evaluate its longer-term capacity twice per year. If the Vendor expects that its capacity will become insufficient to cope with the requested volumes by Roxell, it must inform Roxell immediately in order to discuss potential solutions.



#### **b) Lead time**

The Vendor must respect the requested delivery date on the Purchase Order, even if such lead time is shorter than what has been agreed with the Vendor, or has been offered by the Vendor.

Where the Purchase Order has a requested delivery date earlier than what was agreed or offered by the Vendor, Roxell expects the Vendor to make its best efforts to meet the requested delivery date. Any impact on costs, quantities, quality, capacity, etc. should be communicated to Roxell within the 24 hrs. of receipt of the Purchase Order and can only be approved by Roxell by written communication.

#### **c) Holidays**

Roxell has to supply their customers worldwide over the whole year. Therefore, the Vendor should organize continuity of supply for any time during its holiday period.

If a Vendor cannot organize this, stocking programs due to this requirement are at the expense of the Vendor and stock will be considered consignment stock until Roxell needs the goods.

#### **d) Business Continuity Plan**

As good business practice, the Vendor needs to have a Business Continuity Plan.

The Vendor shall inform Roxell, upon request, of the actions planned in their Business Continuity Plan with regard to supplies to Roxell.

#### **e) Vendor Sustainability**

In order to ensure the continuity of supplies by the Vendor, it is important that its financial structure is adequate to ensure this continuity.

For this reason, Roxell screens each new Vendor and its total Vendor portfolio periodically, using publicly available information or rating reports.

Where this information is not sufficient to evaluate potential risks to the Vendor's financial stability, Roxell can request more information from the Vendor, such as shareholder information, audited annual accounts, etc.

Without sufficient information on the financial stability of the Vendor, Roxell will not start a new business relation or maintain an existing relation with a Vendor.

## **8. Shipping**

#### **a) Loading**

The Vendor must guarantee that all goods loaded for Roxell are loaded without damaging the goods and secured properly for transport.

#### **b) Transportation**

The Vendor must guarantee that all goods are reasonably protected against damage or loss during transportation.

All laws and guidelines on load securement are to be respected.

#### **c) Unloading**

The Vendor must guarantee that goods arrive at the location of delivery during opening hours, enabling them to be unloaded on the requested delivery date, while respecting all safety rules applicable at the unloading location.

## 9. Packaging

### a) General

Packaging is the most important aspect for ensuring that goods arrive correctly at the final destination.

Optimized fit-for-purpose packaging minimizes risks of:

- / damage and/or losses during transport and storage
- / additional transport and storage requirements
- / human injury during transport and handling,

In addition to the protection of the goods, Roxell seeks to optimize packaging and transportation costs, while reducing the use of packaging material.

Specific packaging requirements for specific items defined by Roxell (such as a packaging specification on the technical drawings), will prevail over the general requirements as set out in this document.

To validate the packaging used, the following elements shall be taken into consideration:

- / Fitness for purpose
  - Do alternative packaging solutions better match the size of the goods using less packaging material?
  
- / Outer packaging
  - Does the packaging allow safe handling for anyone involved in the supply chain, from the supplier to the final customer?
  - Is the quality of the packaging appropriate for the weight of the items?
  - Is there space for sufficient padding and filling material, if required?
  - Is the packaging stackable?
  
- / Filling, padding & protection
  - Is adequate padding used in terms of its softness and quality for the protection of the goods?
  - Are the goods properly secured on or within the packaging and protected on all six sides?
  - Is the inner packaging strong and stable enough to support the weight above it, including the stacking of whole packs?
  - Are spaces between goods, inner packaging and outer packaging minimized?
  
- / Sealing
  - Is the packaging properly sealed?
  
- / Handling instructions
  - Are handling and/or safety instructions labeled or printed on the packaging?
  - Are these instructions hidden by any additional labels or documents?



## b) Materials not permitted

The following packaging materials are not permitted for the delivery of goods to Roxell:

- / Non-biologically degradable packaging chips
- / Expanded polystyrene
- / Foamed packaging products
- / Plastic bags filled with air-compartments
- / Paper and cardboard containing harmful substances
- / Coatings or glues, which are not water-soluble

## c) Use of wood

Wood must always be compressed wood or wood treated according to ISPM Standard no. 15 and using one of the recognized IPPC methods.



Wooden packaging materials also need to be completely free of tree bark.

The wood used for wooden boxes and crates, wooden partitions and boards must be thick and heavy enough to meet the packaging and transportation needs of the goods, considering the weight, fragility, center of gravity and value of the goods, as well as the expected transport, transfer and warehousing requirements.

## d) Pallet requirements

All pallets delivered need to comply with the above requirements for ISPM-15 and bear the mark (as shown in the picture above). When delivered at Roxell the pallets should be undamaged, dry and clean.

Pallets must be of the 'open type' or '4-way', in order to allow easy access for all kinds of warehouse equipment, with the dimensions 1000 mm x 1200mm or 40" by 48".

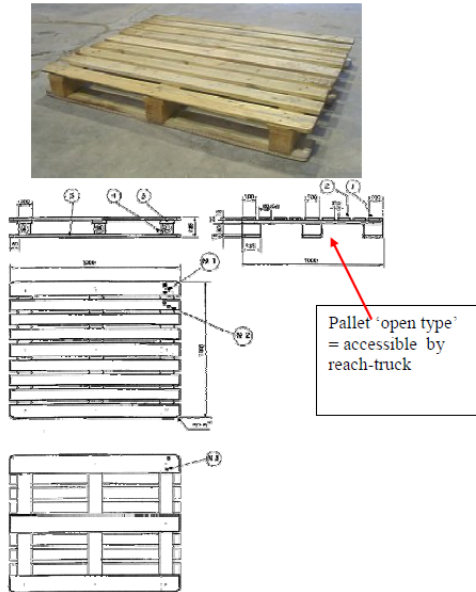
For delivery to the warehouses in Belgium and Malaysia, CP1 Pallets must be used:

Dimensions: 1000 mm x 1200 mm x 138 mm

Weight: approximately 18 kg

Thickness of the wooden beams: 17 mm

Dynamic Load Capacity: over 1000 kg



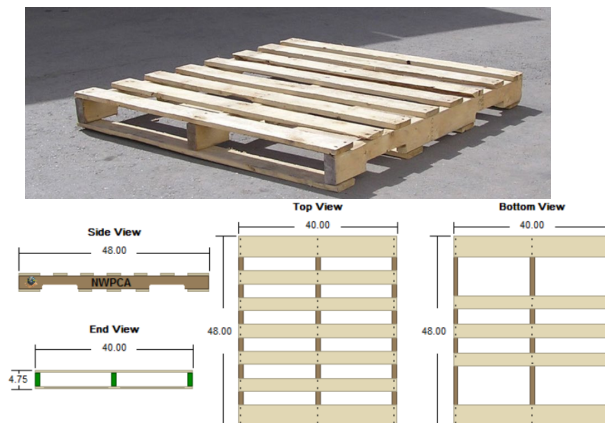
For delivery to the warehouse in the US, 4-way Stringer Pallets must be used:

Dimensions: 40" x 48" x 4 ¾"

Weight: approximately 40 lbs.

Thickness of wooden beams: 5/8"

Dynamic Load Capacity: over 2200 lbs.



Pallets with deviating dimensions must be approved by Roxell in writing.

### e) Corrugated cardboard packaging

Corrugated cardboard packaging should be made of tested, water resistant and glued cardboard, for all 1,2, or 3-layer cardboard, cut-out's, formed and punched cardboard.

Staples can only be used at the bottom of the carton box. The top of the carton box should be free of staples. If needed, tape must be used to seal the top. If the staples could damage the goods, additional protection must be provided.

Unless specified explicitly in the product specifications, carton boxes should be free of any name, brand or link to either Roxell or the Vendor.

For goods packed in carton boxes, the maximum weight of a pallet should not exceed 1000 kgs. For carton boxes which require further manual handling, the gross weight of the box should not exceed 17 kg, except if they are on a support (e.g. a small pallet), which will facilitate handling and is approved explicitly by Roxell.

#### **f) Strapping**

When goods need to be strapped on a pallet in order to ensure transportation without damage, plastic strapping should be used.

This strapping should be performed in a professional manner without damaging the goods (including their packaging), by using (if needed) protective profile material or protective cushioning on the edges.



#### **g) Labeling**

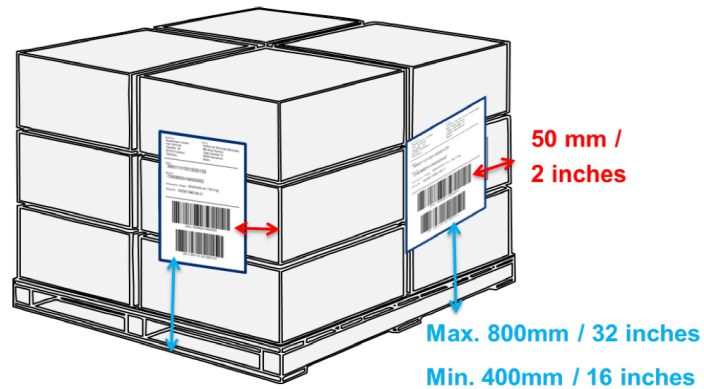
The external packaging (e.g. pallet or container) of the goods must bear a label with following minimum information:

- Roxell article number
- Roxell article number in barcode 39
- Roxell article description as on Purchase Order
- Quantity in the package
- Quantity in the package in barcode 39

The position of the label on the external packaging must ensure that the bottom of the barcode is between 400 mm (16") and 800 mm (32") from the base of the external packaging. In case the external packaging is less than 400 mm (16") high, the barcode shall be placed as high as possible while protecting the barcode.

Each logistic unit should have a minimum of one label. For pallets, it is recommended that two sides of the item are labeled with the exact same data, to ensure one label is always visible (e.g. pallets that are stored either a long or short edge facing outwards). On rolling logistic units, a label on one side is usually sufficient.

Labels on the external packaging are to be placed to the right of the side of the external packaging, respecting a distance of 50 mm (2") from the side (to ensure protection of the barcode).



The label should be at least A6 (105 mm x 148 mm) or 4" x 6" and at most A4 (210 mm x 296 mm) or 8" x 12".

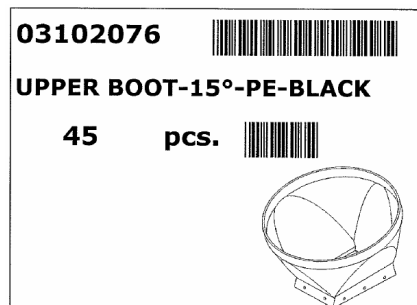
No other information should be printed or attached to the packaging (such as product drawing, product picture, quality marks, etc.) unless explicitly requested and/or approved by Roxell.

The labeling of the goods should have no reference to any name, brand or link to either Roxell or either to the Vendor.

To generate Roxell barcodes, following parameters need to be applied:

- a. Code:39
- b. Ratio: 3.0
- c. Check Digit: NO

Example of a Roxell approved label:



Information needed by the supplier for dispatching purposes should not be labeled on the goods, but should be placed on the outside of the packaging in a plastic adhesive pocket.

## **10. Vendor Rating**

### **a) Criteria**

Roxell applies a Vendor Rating System based on the performance of the Vendor on following criteria:

- ✓ Quality
  - Are the correct goods delivered with the correct specifications?
  - Are all necessary documents with the correct information, accompanying the goods?
  - Were the goods properly loaded and shipped, without damage to the packaging or goods and without difficulties and/or safety issues when unloading the goods, due to poor stacking or packaging not fit for purpose?
    - Were the goods properly packed, clearly identifiable?
- ✓ Deliver reliability
  - Are the goods delivered on the delivery date as scheduled?
- ✓ Quantity
  - Is the exact quantity delivered as ordered?
- ✓ Delivery responsiveness
  - Was the purchase order confirmed, without any changes on delivery date, quantities, etc.?
  - Did we receive the order confirmation within 48 hours?

### **b) Methodology**

Each incoming delivery will be rated by the Vendor Scheduling department and by the Materials Receiving department following the above mentioned criteria on a scale of 100.

The non-compliance of above criteria is translated in penalty points on the order line(s), in order to generate a rating for the whole delivery.

When non-compliance has been registered not in the purchase order process, but at a later stage (such as hidden defects), a correction can be made on the ratings of the Vendor deliveries. The weight of this correction is a function of the impact of the defect on Roxell's interaction with his customer.

Each quarter a report is generated, rating the quarterly performance of the Vendor and ranking the Vendors in function of their performance.

These reports are used by the Purchasing Department to improve the performance of the Vendor, since underperformance increases Roxell's Total Cost of Ownership.

### **c) ABC - Ranking**

Where the average score is higher than 95% during the last 6 months, a Vendor is ranked in category A, which means that it is a preferred supplier and that there is consequently room for increase in business value.

When the Vendor does not reach the 95%, but has a performance higher than 85%, it is ranked in category B, which means that a better performance is needed to increase the value of the business with this Vendor. As a function of the value of the business, improvement plans can be requested from the Vendor in order to evaluate the future direction of the relationship.

A performance below 85%, categorized as C, means that without a proper improvement plan resulting in a better effective performance and an improvement in Roxell's Total Cost of Ownership, Roxell will be forced to find other supply sources.