

Graco Supplier Quick Reference Guide

July 2021



Graco relies extensively on our supply partners in serving our markets and customers. We recognize our suppliers as vital contributors to our success and strive to build long-term, mutually beneficial relationships to enhance our global market position. In order for Graco to meet our customer expectations, we need suppliers to deliver defect-free product, on-time, and at a competitive price. Our Suppliers are expected to conduct business legally and ethically with respect for all humanity. Below is a quick reference guide of our supplier expectations. Detailed expectations and metrics can be found in the Graco Supplier Handbook available online or through your Graco Purchasing contact. Through our alliances and partnerships, we will continue to exceed customer expectations and provide best-in-class products around the world.

Continuous Improvement

Quality Management – Graco is known as a quality leader and expects our suppliers to strive for **ZERO DEFECTS**.

- **PRODUCT REQUIREMENTS:** Product shipped must meet the requirements, specifications, and regulations specified on our Graco drawings.
- **NO CHANGES:** Suppliers (including sub-suppliers) shall not make any changes in specifications, part design, material, manufacturing process, manufacturing location, or registration status without submitting the Request for Change form to your Sourcing Specialist/Buyer and receiving approval.
- **QUALITY STANDARDS:** Please refer to our Graco Supplier Handbook for details regarding our quality expectations.

Cost Management – Graco is measured on a year over year total cost improvement which means we rely heavily on our suppliers to bring forth projects delivering an **ANNUAL COST REDUCTION**.

Lead-Times – Suppliers will review periodically for accuracy and work initiatives to reduce lead-times.

Delivery Management

Delivery Performance – All orders must be delivered **ON-TIME, 100%** of the time.

- On-Time orders are defined as **5 DAYS EARLY, 0 DAYS LATE** to the **DOCK DATE** at Graco.
- Need by Date and/or Promised Date on purchase orders are defined as the **DOCK DATE**.
- Suppliers are expected to proactively monitor and communicate any capacity constraints, holiday breaks or maintenance concerns that may hinder their ability to delivery on-time.
- If an order will be delayed, contact the Requestor/Planner (identified on the PO) immediately via email or phone with an explanation and a revised delivery date. Be sure to request a revised copy of the PO.

Purchasing Orders (POs) – Review immediately upon receipt to ensure that the delivery date, quantity, price, part revision and payment terms are correct. **ORDER ACKNOWLEDGEMENTS ARE REQUIRED AS OF JULY 1, 2021.**

- Suppliers using the iSupplier Portal should acknowledge all POs in iSupplier and provide a Promised Date that matches the Need by Date. If there are changes to **DELIVERY OR QUANTITY**, request these changes through the iSupplier Portal (can be submit with the Promised Date).
- Suppliers **not** using the iSupplier Portal should acknowledge a PO by sending an email confirmation (including Promised Date) to purchasing@graco.com. If there are changes to **DELIVERY OR QUANTITY**, contact the Requestor/Planner with the revised delivery date or quantity with an explanation for the delay. Request a revised copy of the PO as confirmation that the change has been entered into our ERP system.
- If there are changes to **PRICING, PART REVISION** and/or **PAYMENT TERMS**, the Sourcing Specialist/Buyer needs to be contacted to resolve the discrepancy **PRIOR** to the shipment of goods. Request a revised PO.

Order Management – Suppliers using the iSupplier Portal can view open orders in iSupplier. For suppliers **not** using the iSupplier Portal, an **OPEN ORDER REPORT** is emailed weekly.

- If there are any variances to the open order report, please communicate with the Requestor/Planner.

Forecast Management – A **FORECAST REPORT** is emailed to suppliers every week.

- Suppliers are **NOT** authorized to build to forecast unless prior agreement with Graco has been established.

Freight and PO Terms – All purchase orders must ship per the terms and conditions noted on the purchase order.

- Purchase orders **MUST SHIP PER THE GRACO ROUTING GUIDE**. The Routing Guide details our preferred carriers and contact information.
- All shipments must ship Freight Collect. Invoiced freight charges will **NOT** be paid unless special arrangements have been made with the Sourcing Specialist/Buyer prior to the shipment of product.
- All shipments arriving at any Graco facility must include a barcode label per our specifications.

Invoicing - All **INVOICES AND PACKING SLIPS** must contain (1) Purchase Order Number, (2) Graco Part Number, (3) Quantity and (4) Price. Graco will not release payment unless your invoice matches our purchase order in all four (4) areas.

- All US invoices should be sent electronically to accountspayable@graco.com.
- All international invoices should be sent electronically to accountspayablefs@graco.com.

For more details on supplier expectations and metrics, please visit: <https://www.graco.com/us/en/suppliers.html>