



ThyssenKrupp System Engineering, Inc.

A Member of the ThyssenKrupp Technologies Group

Supplier Manual



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1.0 INTRODUCTION

1.1 Purpose:

The intention of this manual is to give our suppliers a solid understanding of not only what is expected, but also the quality we demand in our everyday product.

1.2 Mission Statement:

ThyssenKrupp System Engineering, Inc. is the North American center for powertrain assembly production systems offered by ThyssenKrupp. We market, design, build, install and service systems primarily for customers within the United States and Canada as an extension of ThyssenKrupp System Engineering GmbH.

Our main business objectives are to deliver innovative systems that provide value to our customers and to earn a fair return for our shareholders.

1.3 Company Vision:

We will be a company capable of providing significantly more product, of significantly higher quality, in significantly less time, and at significantly lower cost than our competitors and our current capability.

1.4 Core Values:

- Customer Focus- “The be-all and end-all of business is repeat business – which can only come as a result of long-term customer satisfaction.” - Tom Peters
- Continuous Improvement- We expect a daily commitment toward performance improvement and product innovation.
- Teamwork- We are interdependent and we recognize the need to share knowledge and communicate openly and honestly.
- Employee Talent- Their expertise, capabilities and creativity win us the work, complete the work, and create the value for our customers.
- Integrity- We expect all employees to act with professionalism. We believe in treating everyone with fairness and respect. We hold our customers, suppliers, and co-workers in high esteem and acknowledge their views and contributions.



ThyssenKrupp System Engineering, Inc.

1.5 Environmental Dedication:

We develop and support powertrain assembly production systems in the United States and Canada.

We are committed to compliance with associated environmental legislation, regulations and requirements.

We are committed to the principle of continuous improvement and prevention of pollution in our daily work processes and our products.

Our Environmental Management System sets objectives and monitors performance to defined targets.



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2.0 BUSINESS INTERACTION

2.1 Communication:

Having an open and informative line of communication between ThyssenKrupp System Engineering, Inc. and our suppliers is a critical component of successful business. Suppliers should behave in a customer oriented manner and respond flexibly to urgent requirements. It is essential that a central contact be provided capable of coordinating all issues and promptly arranging expert assistance. All information should be provided rapidly and contain all the required facts and details to perform immediate action if necessary. Suppliers should demonstrate a cooperative and fair approach while eliminating unnecessary rounds of negotiation. Suggestions for improvement should be handled in a proactive manner to help promote cost reduction and benefit both parties. Suppliers should voluntarily provide open and comprehensive knowledge about products and processes, over and above what is contractually agreed.

All issues, updates, and concerns from suppliers during a job will be directly stated to ThyssenKrupp System Engineering, Inc. Never should a supplier interact directly with a ThyssenKrupp System Engineering, Inc. customer before bringing the matter to the attention of ThyssenKrupp System Engineering, Inc. Trust is an immeasurable commodity in building a long lasting and prosperous business relationship.

2.2 Business Changes:

ThyssenKrupp System Engineering, Inc. should be notified of any critical changes to a supplier's business environment such as acquisitions, mergers, pending litigation or any activity that could effect company interaction. This is especially relevant when a job is being processed.

2.3 Quotations:

Preceding the acceptance of any Purchase Order, make certain to understand all requirements of the given task. Also, confirm the necessary equipment capability, capacity, and properly trained personal is in place to perform the essential work. All quotations should be received in reasonable time, depending on the magnitude of the job. Quotations received after the allowed timeline may not be considered.

ThyssenKrupp has developed a web-based Strategic Sourcing Portal to handle quotations. This tool provides up-to-date information on our current demands for materials and services. Companies must register to become a platform user. Once registered, an E-mail may be sent from the responsible buyer about new request for quotations or search the system for quote opportunities. Registered suppliers enter their bids online and once the submission deadline is reached, bids are made available to buyers for further processing. The publication of requirements on the internet helps intensify global competition and open up new procurement sources. This is the preferred method for handling quotations and is available at <https://sourcing.thyssenkrupp.info/>

For questions on our Strategic Sourcing Portal, telephone support is available for the U.S. between 9 a.m. and 5 p.m. ET at 011 49 2151 83-4445. Issues may also be resolved through e-mail at sourcing-na@thyssenkrupp.info.



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2.4 New Suppliers:

In order to become a supplier of ThyssenKrupp System Engineering, Inc. there must be a demand or reason. New Supplier Request forms are completed by ThyssenKrupp System Engineering, Inc. staff if a new supplier is required. Once this is complete, a Supplier Profile is sent to the supplier. The supplier must fill in the required information fields and return it to ThyssenKrupp System Engineering, Inc. with the necessary documents attached (e.g. QS certificates, minority certificate, company brochures, W-9 tax form, etc.) All potential suppliers are encouraged to use the Strategic Sourcing Portal (<https://sourcing.thyssenkrupp.info/>) to register with ThyssenKrupp System Engineering, Inc.

Once supplier documentation has been received, an approval process is completed by the Purchasing Manager. The supplier is rated as category B (Accepted), C (Restricted), D (Not accepted) or N (Not tracked). To be considered a B (Accepted) supplier, all required documentation must be successfully completed and a quality management system must be in place. C (Restricted) suppliers have partially incomplete required documentation without an implemented quality management system. D (Not accepted) suppliers are deferred from the supplier approval process for certain reasons. Suppliers placed in category B or C are added to the approved supplier list. The status of an A (Preferred) supplier is only attainable after a successful supplier evaluation is completed and the required number of shipments has been accomplished without any quality non-conformances (see Section 3.4 and 3.5) or late deliveries (see Section 3.7).

2.5 Payment:

All material must be received through ThyssenKrupp System Engineering, Inc. Receiving Department and must have the proper packing list attached. For shipments direct to customers or other ThyssenKrupp System Engineering, Inc. suppliers, duplicate packing lists must be sent to the buyer listed on the purchase order. Partial payments against a purchase order line item of "1" unit can not be processed unless noted on the purchase order. Checks are issued weekly, therefore, as much as a seven day lag is possible with all payments. These terms are guidelines only. The detailed payment terms are listed on the purchase order.

All payment disputes must be brought to the attention of the ThyssenKrupp System Engineering, Inc. Accounts Payable Department, in writing, within 90 days of the date on the check. It is recommended that all issues be followed with a phone call. Disputes submitted after 90 days will not be honored.

2.6 Invoicing:

All invoices must include the following mandatory information:

- Complete ThyssenKrupp System Engineering, Inc. Purchase Order number
- ThyssenKrupp System Engineering, Inc. part number
- Part description
- Line number on invoice that corresponds to ThyssenKrupp System Engineering, Inc. Purchase Order line number.
- Unit of measure which matches the Purchase Order



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- Contractor invoices:
 - must have the name of the contract employee, correct hourly rates which match the purchase order and calculated with the correct hours or they will be returned to the vendor.
 - should only be invoiced according to signed time sheets from ThyssenKrupp System Engineering, Inc.
 - should submit a copy of the time sheets with the invoice.
 - (see section **4.0 Contract Suppliers** for more detailed requirements)
- Any invoices received without the above information will be returned to the vendor with a note informing them of the problem. The vendor will have the responsibility of correcting the problem with the ThyssenKrupp System Engineering, Inc. purchasing department and re-submitting a corrected invoice.

2.7 Terms and Conditions:

The offer to purchase becomes a contract only: (a) when acknowledged in writing by the suppliers or (b) otherwise accepted by the supplier as outlined in the Uniform Commercial Code. The purchase order and any reference documents and/or specifications contain the complete and final agreement between ThyssenKrupp System Engineering, Inc. and Seller, superseding all prior oral or written negotiations, representations, statements and communications. No agreement or other understanding in any way purporting to modify the purchase order shall be binding upon ThyssenKrupp System Engineering, Inc. unless made in writing and signed by an authorized representative from the ThyssenKrupp System Engineering, Inc. Purchasing Department. ThyssenKrupp System Engineering, Inc. is not responsible for any goods delivered or services performed unless authorized by a written purchase order.

While a purchase order is being carried out, all changes made to drawings should be noted and recorded according to proper procedure. ThyssenKrupp System Engineering, Inc. complete Terms and Conditions can be found on our website at <http://www.thyssenkruppkrauseinc.com/pdf/termsandconditions.pdf>. A supplier may request a hard copy.

2.8 Gifts and Compensation:

ThyssenKrupp System Engineering, Inc. rejects corruption that is harmful to competition and supports the international initiatives to combat corruption in business. Our policies on the acceptance of gifts or offerings are as follows:

1. Solicitation of Kickbacks, Gifts or Favors.

No employee may solicit, directly or indirectly, for such employee's benefit or for the benefit of any relative, friend, or others, any kickback, gift or favor from an organization with which ThyssenKrupp System Engineering, Inc. does business or that seeks to do business with ThyssenKrupp System Engineering, Inc.



ThyssenKrupp System Engineering, Inc.

2. Acceptance of Kickbacks, Gifts or Favors.

No employee may accept, directly or indirectly, from an organization with which ThyssenKrupp System Engineering, Inc. does business or that seeks to do business with ThyssenKrupp System Engineering, Inc., for such employee's benefit or for the benefit of any relative, friend, or others, any kickback, gift or favor, except:

- any gift or favor of nominal value (<\$50) involving normal sales promotion, advertising or publicity;
- any gift or favor involving an appropriate business-related social event, such as an occasional business lunch or dinner, provided that (i) the employee is accompanied by the supplier or customer and (ii) there is not even the appearance of a compromise of sound business principles in the relationship.

In determining whether either of the above exceptions applies, employees should be guided by whether public disclosure of the gift or favor would embarrass ThyssenKrupp System Engineering, Inc. or the employee.

3. Social, Athletic, or Recreational Activities.

No employee or ThyssenKrupp System Engineering, Inc. social, athletic or recreational activity may solicit or accept any gift, favor, support, or sponsorship from an organization that does business or seeks to do business with ThyssenKrupp System Engineering, Inc. in connection with any ThyssenKrupp System Engineering, Inc. recreational activity or other ThyssenKrupp System Engineering, Inc. sponsored gathering consisting principally of ThyssenKrupp System Engineering, Inc. employees.



3.0 SUPPLIER EXPECTATIONS

ThyssenKrupp System Engineering, Inc. focuses on producing the highest quality product, in the shortest lead time, at the lowest cost. These changes will result in the improvement of Flow, Flexibility, and high First Time Quality (FTQ). This is our lean thinking initiative, implemented in every project to ensure customer satisfaction in the goods that we produce, as well as receive.

3.1 Quality Standard:

Our company recognizes the importance of quality in every day business and strives to provide quality without compromise in every aspect of our organization. The foundation of our success begins with our quality statement:

We are responsible for the delivery of assembly system products that meet or exceed defined performance parameters.

We are focused on the task of producing a reliable product that can be practically maintained.

We are committed to the principle of continuous improvement in our daily work processes and our products.

It is imperative that we receive quality materials, in a timely manner, in order to best complete the task at hand. Quality performance should be an ongoing process, continuously being improved.

3.2 System Requirements:

It is preferred that all suppliers are compliant with and registered to ISO 9001:2000, and/or ISO/TS 16949:2002 standards. Those suppliers that are not registered need to have a quality management system based on ISO 9001:2000 requirements. Suppliers may be audited by ThyssenKrupp System Engineering, Inc. to ensure proper procedure and conditions of operation.

Adequate measuring and testing equipment is required throughout the operating system. Facilities and tooling is expected to be well maintained and up to industry standards. The calibration of measuring and test instruments must be carried out using calibration equipment or standards certified to have a known relationship to the NIST standards. Calibrated instruments must be tagged and all items should match the description and specifications given in the inspection report.

3.3 Environmental Management:

It is the supplier's responsibility to be committed to protecting human health, natural resources, and the general environment. An environmental management system that meets the requirements of ISO 14001 should be in place.



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3.4 Inspection Procedure and Documentation:

ThyssenKrupp System Engineering, Inc. Quality Specifications require 100% conformance to all dimensions. Tolerances and pertinent notes that appear on drawings as well as any supplemental specification sheets or other information furnished by purchasing must be strictly adhered to. Special characteristics or dimensions are generally implied from the magnitude of the given tolerance. Therefore, material must be inspected and results recorded for any linear dimension with a tolerance less than or equal to +/- 0.025 millimeters (+/- 0.001 in) and any geometric tolerance less than or equal to 0.050 millimeters (0.002 in). The results must be submitted with the component and/or sub-assembly and a copy be kept on file for at least one year at the supplier site.

Prior to shipment of the equipment or sub-assembly, the supplier will demonstrate or runoff the equipment to a ThyssenKrupp System Engineering, Inc. designated runoff team at a mutually agreed upon time, if required. The runoff team will accept the sub-assembly as is or with conditions. The item must first be approved before receiving a shipment authorization.

3.5 Non-Conforming Goods:

Goods or services not in accordance with the purchase order may be rejected and returned by ThyssenKrupp System Engineering, Inc. with all risk and expense falling upon the supplier. Payment for nonconforming goods or services does not constitute an acceptance and therefore, will not limit ThyssenKrupp System Engineering, Inc. to assert any legal right of responsibility to the supplier for latent defects. The supplier also agrees to repair, replace or correct any goods or services not conforming to the foregoing warranties. In the event that a supplier fails to do so in a prompt manner, ThyssenKrupp System Engineering, Inc. may repair, replace or correct such goods and services and charge the supplier for the cost incurred in doing so. A response should be issued by the supplier within 24 hours of notification explaining what the problem is, how it will be fixed, and when the part will be returned.

An error in workmanship may result in a charge-back to the supplier. Charge-backs are typically transacted on a debit memo against open invoices. A \$150 administration cost may be issued for each purchase order line item that contains a non-conformance. It is the supplier's responsibility to dispute a non-conformance claim at the time of notification. Debits will not be reviewed at a later date.

3.6 Packaging Method:

All packaging shall be designed to ensure the integrity of the product throughout the supply chain. The most cost efficient packaging method should be used while never compromising the quality of protection. It is the obligation of the supplier to select the appropriate carton size, style, and material strength able to withstand rigorous handling. All goods should be marked with the purchase order number, purchase order line item number and IDENT number. Packing slips must be included with all shipments and include the following mandatory information:

- Complete ThyssenKrupp System Engineering, Inc. Purchase Order number
- ThyssenKrupp System Engineering, Inc. part number (IDENT number)
- Part description
- Line number on packing slip that corresponds to ThyssenKrupp System Engineering, Inc. Purchase Order line number
- Unit of measure which matches the Purchase Order



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- Correct quantity on packing slip which matches the Purchase Order
- Total number of packages shipped and “shipped complete” information (i.e. if items are not shipped complete, indicates “backorder”)
- Date shipped
- “Ship To” and “Shipped From” addresses as shown on Purchase Order
- Drop shipment packing slips should be copied and supplied with the Invoice or supply a copy to the ThyssenKrupp System Engineering, Inc. buyer listed on the purchase order
- Packing slips should be securely attached to the outside of each box

All packages intending to be delivered to ThyssenKrupp System Engineering, Inc. must note:

- Wood packaging material shipping into the United States must be compliant to the revised regulation requirements set forth by the USDA
- All machine details prior to shipping must have a protective coating applied and must be suitably wrapped to prevent corrosion
- The ThyssenKrupp System Engineering, Inc. material number must be written on the package and be clearly visible upon delivery
- Suppliers located outside the United States must mark all material with the country in which it was manufactured

ThyssenKrupp System Engineering, Inc. reserves the right to accept or reject any shipment.

3.7 Delivery Requirements:

All products and components must be delivered and received on or before the contractual date, defect free. ThyssenKrupp System Engineering, Inc. has the right to enforce a penalty clause on any material not received by the specified delivery date. It is the responsibility of the supplier to efficiently manage their own supply process.

The transportation specified on the purchase order must be used. All premium freight payable by ThyssenKrupp System Engineering, Inc. must be authorized in writing from ThyssenKrupp System Engineering, Inc. A list of all approved carriers is specifically outlined on our company website. Only those carriers preferred by ThyssenKrupp System Engineering, Inc. should be used. Freight On Board Origin is the preferred method, unless stated differently on the purchase order. All products shipping into the United States must be compliant to all U.S. Customs requirements. It is the supplier’s responsibility for the accurate completion of all necessary documentation. For more specific details and procedures please see the ThyssenKrupp System Engineering, Inc. Terms and Conditions on our website at <http://www.thyssenkruppkrauseinc.com/pdf/termsandconditions.pdf>.

All risk that the ordered goods may be lost, damaged or delayed in transit falls upon the supplier until the goods have been actually received, inspected and accepted by ThyssenKrupp System Engineering, Inc.; unless otherwise stated on the purchase order. The supplier is responsible for immediate notification of the cause and the length of any delay or anticipated delay in meeting the delivery requirement. In the case of a delivery setback, the supplier should make the effort to bring about a rapid solution. Suppliers should be flexible and able to handle order changes in a timely manner. It is preferred that an advanced shipping notice be sent to the appropriate buyer for every product being delivered. Continuous poor delivery is an adequate base for the termination of business relations. If changes in delivery are not approved, ThyssenKrupp System Engineering, Inc. may cancel the shipment of the purchase order without liability.



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All shipments must include the following documentation:

1. Packing List / Shipper
2. Status report on any open issues as a result of the runoff/acceptance meeting.
3. Inspection/Certification Report (if required)
4. The signed shipper, for material drop-shipped to a designated location other than ThyssenKrupp System Engineering, Inc., must be faxed or mailed to ThyssenKrupp System Engineering, Inc., Auburn Hills, Michigan, Attention: Purchasing Department.

3.8 Material Restrictions:

All relevant Health, Safety, and Environmental regulations should be followed throughout the supply chain. For every part manufactured, an origin of material form must be completed. A Material Safety Data Sheet (MSDS) must be on hand or provided by the supplier and approved before any proposed materials may be received. The chemical manufacturer, importer, or distributor shall ensure each container of hazardous materials leaving the workplace is labeled, tagged or marked with the following information:

- Identity of the hazardous chemical(s)
- Appropriate hazard warnings
- Name and address of the chemical manufacturer, importer, or other responsible party

ThyssenKrupp System Engineering, Inc. will not accept any part or material that possesses a hexavalent chromium finish.

3.9 Material Identification:

If the manufacturing drawing is on customer paper and shows a customer part number, then both the customer part number and the ThyssenKrupp System Engineering, Inc. part number must be identified on the detail; stamping is preferred. If the part is too delicate to stamp, then electro- or acid-etching is permitted. If the part is too small to stamp or etch then either the part will be tagged or the container will be marked. If there is a question as to the requirement, please contact the buyer. All suppliers outside of the United States must mark all material with the country in which it was manufactured.

Failure to include a part number on a product will be considered a non-conformance.

3.10 Supplier Diversity:

ThyssenKrupp System Engineering, Inc. is committed to providing equal opportunity for diversity suppliers while developing a strong business relationship. Minority and women owned businesses are considered a trustworthy candidate for bidding opportunities, collaborations, or specific task needs. ThyssenKrupp System Engineering, Inc. realizes the importance of providing equal opportunity throughout the supply chain. Our organization, as well as the community, can benefit from diversity. All businesses must meet the required criteria and be properly certified to be considered a minority enterprise.



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ThyssenKrupp System Engineering, Inc. pays special attention to suppliers that are based in low cost regions. These suppliers should be able to produce the expected product quality level but at a lower cost structure. For a list of low cost country regions please contact the ThyssenKrupp System Engineering, Inc. Purchasing Department.

4.0 CONTRACT SUPPLIERS

ThyssenKrupp System Engineering, Inc. expects the rules stated in the following text will be communicated to the contract employee prior to his/her start date at ThyssenKrupp System Engineering, Inc.

4.1 General Guidelines

- 1) Overtime will be paid after (40) hours in a given work week for hours worked.
- 2) All overtime, including Sundays and Holidays, will be paid at (1.3) times the base rate.
- 3) Invoices must only show hours worked.
- 4) Contractor break time policy is as follows:
 - In House Auburn Hills only: ThyssenKrupp System Engineering, Inc. does not pay for the (15) minute company morning break and the (12) minute company afternoon break.
 - In House Auburn Hills only: If the work schedule is (40) hours per week, provisions will be made for an additional (15) minutes of work time at the end of each day so that (40) hours of actual work time may be achieved.
 - ThyssenKrupp System Engineering, Inc. does not pay for lunch breaks:
 - a. 30 minutes – Auburn Hills/Huntsville
 - b. 60 minutes – Janesville
 - c. Time taken for lunch – Service Assignment
- 5) Invoices must contain ThyssenKrupp System Engineering, Inc time sheets and be submitted in a timely fashion every 2 weeks minimum. Time sheets and/or invoices must include the locations in which the work was performed.
- 6) Proper attire including safety equipment (safety glasses Z-87 approved and hard hats Z-89 approved, as applicable) is required.
- 7) All personnel are expected to bring the appropriate “tools of the trade” as outlined in the ThyssenKrupp System Engineering, Inc. Skilled Trades Toolboxes C AD 131.
- 8) All special equipment, cranes, fork trucks etc. has to be quoted and invoiced separate from hourly rates.
- 9) ThyssenKrupp System Engineering, Inc. reserves the right to return personnel considered not adequate within 2 days of being assigned to work with no obligation for payment.
- 10) Time-off requests are to be submitted a minimum of (2) weeks prior to the date.
- 11) Excessive absenteeism will not be tolerated.
- 12) A valid workers compensation proof of insurance is required.

4.2 In House Assignment

- 1) All general guidelines apply.
- 2) Contract employees are required to clock in at the start and out at the end of each business day, however, they do not need to clock in and out for breaks.



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- 3) Time sheets are required by noon every Monday.
- 4) The following items are not allowed to be brought into the ThyssenKrupp System Engineering facility:
 - Calibrated tools (i.e. torque wrenches, depth micrometers, indicators, fluke meters, etc.)
 - Lifting chains, slings, or straps

 - Chemicals
 - Frayed or spliced electrical cords
 - Illegal substances or firearms
- 5) Scheduled hours are 7:00am – 3:30pm unless otherwise notified.
- 6) Personnel are allowed access to the facility 10 minutes prior to the scheduled start time and 10 minutes after the scheduled quitting time.

4.3 Alternate Shifts

- 1) All general guidelines apply.
- 2) Second or Third shifts will be compensated with a \$1.00 per hour premium added to the base rate.

4.4 Service Assignment

- 1) All general guidelines apply.
- 2) In-town travel, considered to be within a 50 mile radius from ThyssenKrupp System Engineering or your closest local office from the job site (whichever is closer), will not be reimbursed for incidentals, travel time, and/or mileage.
- 3) Out of town service assignments, provided they are outside the 50 mile radius as outlined above, will be compensated with a \$1.00 per hour premium added to the base rate.
- 4) Out of town travel expenses, provided they are outside the 50 mile radius as outlined above, will be compensated based on the ThyssenKrupp System Engineering rates which follow the federal government standards (C AD 207).
- 5) Service reports/time sheets are required at the end of each business day signed by a ThyssenKrupp System Engineering, Inc. representative.
- 6) Invoices for travel expenses must contain the supporting documentation and be submitted in a timely fashion every 2 weeks minimum.
- 7) Contract personnel report to and receive direction only from ThyssenKrupp System Engineering employees in work related matters.
- 8) All equipment and/or tools required for the job must be invoiced separately from the labor rate.



5.0 SUPPLIER ASSESSMENT AND CONSIDERATION

At ThyssenKrupp System Engineering, Inc., suppliers are evaluated using a numeric based system. This is done on a monthly and yearly basis. In the monthly review, the supplier's quality and delivery performance is analyzed and an appropriate rating is given. Quality performance is calculated based on the number of NCR's, for a given amount of parts delivered, over the previous three months. Delivery performance is determined based on comparing the statistical delivery date, in relation to the item received date, over a three month period. This point value will place the supplier into a specific supplier category where the appropriate actions will be taken.

5.1 Supplier Categories:

Category	Definition	Actions
A	Preferred Supplier	Supplier is on the "ThyssenKrupp System Engineering, Inc. Preferred Supplier List" and should actively be used by the Account Management Team, Engineering, and Purchasing. Supplier should always be given the opportunity to quote if possible.
B	Accepted Supplier	Departments can use a supplier after informing Purchasing.
C	Restricted Supplier	Supplier is put on hold for new business (e.g. until corrective action is complete) but still used for actual placed purchase orders.
D	Not Accepted / Desourced Supplier	It is not allowed to do any more business with this supplier. Existing business should be finished within a short period.
N	Not Tracked	The supplier evaluation process does not track supplier of indirect material or services.

In the event a supplier becomes a C (Restricted) supplier, a corrective action request will be sent to them immediately. Suppliers in the D (Not accepted)/Desourced supplier category will get a one time corrective action request, if not already on file in the last six months. All corrective action request forms are to be completed and returned within two weeks to the Purchasing Manager. This is a chance for suppliers to improve the performance and reliability of their business. If action is needed by ThyssenKrupp System Engineering, Inc., assistance will be provided. Failure of a supplier to take recommended action in developing their business process will lead to removal from the Supplier List.



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5.2 Supplier Management System:

Every 12-18 months, ThyssenKrupp System Engineering, Inc. executes a supplier management workshop in which a sourcing group is selected and all of the critical/strategic suppliers within the group are evaluated. The objective is to develop the necessary strategies to increase supplier performance. The evaluation is based on the areas of purchasing, quality, logistics, and technology. Each of these areas individually evaluates suppliers based on performance, costs, service/soft facts, and systems/strategy. The entire process is completed by specialists from each field who can accurately evaluate the suppliers and their abilities. These evaluators work through a series of questions and analysis for each supplier and the results are combined to produce a single point score for each criterion.

Upon the completion of the workshop, a detailed report and plan of action is developed for each supplier. ThyssenKrupp System Engineering, Inc. will then decide, based on the results, whether it is necessary to remove any suppliers, add additional suppliers, or continue developing current suppliers. A meeting is then arranged with each of the suppliers to discuss the results of the evaluation and what can be done, by both parties, to continue improving the business relationship. The scoring and results are published and available for review by all ThyssenKrupp locations.



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6.0 MAJOR EQUIPMENT

ThyssenKrupp System Engineering, Inc. defines major equipment as custom built equipment, capable of performing specific stand alone functions, with costs generally in excess of \$10,000. Specifications are developed by ThyssenKrupp System Engineering, Inc. in conjunction with the demand from our customer.

6.1 Specifications:

Suppliers of ThyssenKrupp System Engineering, Inc. are required to adhere to all build specification. At the beginning of any project a copy of the specifications will be provided, as it pertains to the equipment ordered. Deviations from the original build requirements may be requested in writing from ThyssenKrupp System Engineering, Inc.

6.2 Purchase Order Placement:

Upon receiving a purchase order, ThyssenKrupp System Engineering, Inc. will supply required documentation including supplier line up, additional specifications, and the supporting drawing package. Suppliers should always reference the purchase order number and the ThyssenKrupp System Engineering, Inc. cost unit (job number) in all communications. It is highly recommended that the purchase order and all documentation be thoroughly reviewed. Once reviewed, it is required that the supplier submits an **acknowledgement** stating the purchase order has been received, the delivery date is for each specific line item ordered, and all pricing is correct.

6.3 Partial and Periodic Payment Terms:

Major Equipment payment terms and conditions are established by the ThyssenKrupp System Engineering, Inc. Executive Board. The preferred payment method is partial payment terms. This consists of a 90% payment, invoiced at acceptance of product at the specified ThyssenKrupp System Engineering, Inc. location and a 10% payment, invoiced separately and upon the signed approval by the project manager and/or customer along with the major equipment buyer. Both payment terms are net 45 days.

6.4 Schedules:

At order placement, a production schedule may be required periodically throughout the procurement span. This will be decided by the project team and buyer. Standard format is Microsoft Project Gantt Chart.

6.5 Delivery:

The delivery dates shown on the purchase order are the dates that the specified equipment is required to be received at the ThyssenKrupp System Engineering, Inc. shipping dock. Failure to deliver all products on time can and will effect a suppliers rating (see Section 4.0). See section **3.7 Delivery Requirements** for more information. Incomplete or partial deliveries need prior approval from ThyssenKrupp System Engineering, Inc.



ThyssenKrupp System Engineering, Inc.

6.6 Drawing Approvals:

Upon the placement of a purchase order, drawing approvals must be submitted to ThyssenKrupp System Engineering, Inc. for submission to the technical staff responsible for the equipment. Special attention should be given to the defined delivery date shown on the purchase order. ThyssenKrupp System Engineering, Inc. technical staff is committed to processing the approval drawing and returning it to the supplier in a timely manner.

6.7 Runoff Procedures:

At any given time during the procurement span of an order, a ThyssenKrupp System Engineering, Inc. representative may elect to visit the build site and assess the progress of the ordered equipment.

Not all major equipment is subject to runoff approval. If a representative of ThyssenKrupp System Engineering, Inc. has not requested a runoff, then the delivery of the material should proceed in cooperation with the required delivery date. If a runoff is required, the representative may elect to visit for a formal runoff or accept the equipment via mutual agreement. Suppliers may also be requested to submit a video demonstrating the function of the equipment. A ThyssenKrupp System Engineering, Inc. customer may schedule an additional runoff or accompany the ThyssenKrupp System Engineering, Inc. representative.

6.8 Shipping Approval:

Once runoff approval has been granted, a written or verbal shipping authorization will follow. Expectations may be made but only if stated in the shipping instructions found on the actual purchase order. Any deviation from the requirements may result in increased costs which are the responsibility of the supplier. If a more efficient method of shipping exists, suppliers should inform the ThyssenKrupp System Engineering, Inc. buyer of the method. This includes all international shipments as well.