

Supplier Manual AAE



K.v.K. Eindhoven 17037842, BTW nr. NL.00.35.84.744.B01. Op al onze overeenkomsten, leveringen en diensten zijn de algemene verkoop- en leveringsvoorwaarden volgens F.M.E. van toepassing, zoals laatstelijk gedeponneerd ter Griffie van de Atrondissementsrechtbank te Den Haag.

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1. Introduction

1.1. Company profile

AAE is an advanced high-tech machine manufacturer with an international reputation. Within AAE, various expertise's are combined; from mechatronics to high precision machining. AAE considers the demands and wishes of its customers as a challenge. Therefore AAE tries to find a seamless solution with dedication, knowledge and experience.

1.2. Purchase mission

AAE selects suppliers based on the pillars of QLTCs. The objective of AAE is to structurally improve the relationship with its suppliers. To achieve this objective, it is of the utmost importance to understand each other's proceedings and set common goals.

2. Sourcing

2.1. Fairness, good faith and integrity

AAE conducts business on the basis of fairness, good faith and integrity, and expect the same from its suppliers. Therefore AAE requires suppliers to adhere to the [RBA code of conduct](#).

2.2. QLTCs

AAE selects its suppliers and evaluates the performance of its suppliers on the following five business areas:

- Quality: The wish for outstanding quality, focusing on: actual product quality, existing quality control processes and continuous improvement.
- Logistics: Ensuring the availability of products on the agreed delivery date.
- Technology: The presence of production techniques and timely introduction of new technologies.
- Costs: Control of total costs and transparency in the build-up of costs.
- Sustainability: Focus on sustainable operations, sustainable products, a sustainable value chain and sustainable culture.

2.3. Supplier categorization

Suppliers are categorized in: strategic, preferred, and approved suppliers. Suppliers can be categorized according to criteria such as purchase volume, supply risk, performance, and willingness to build a partnership. AAE selects suppliers with the highest conformity to the principals of Quality, Logistics, Technology, Cost and Sustainability (service, environment and safety)

2.4. ISO 9001:2015 certification

AAE expects its strategic and preferred suppliers to be ISO 9001:2015 certified

2.5. Contingency

The supplier shall prepare contingency plans to ensure AAE requirements which are addressed in the case of disaster or unplanned events: Contingency Plans shall ensure:

- Maximum protection of employees and assets
- Rapid response to a critical incident or business interruption
- The impact on a company's ability to conduct business is limited
- Immediate recovery of critical business processes and the return to normal operations
- Reduction of the potential for a critical incident through prudent preventive and training measures

3. Quotation process

AAE expects suppliers to quote in accordance with the RFQ requirements and TPD. Suppliers have to comply with TPD instructions as well as AAE's end customer requirements and other specified international standards (e.g. ASTM, DIN, ASME). AAE expects the supplier to inform AAE in case the TPD is incomplete or conflicting and assesses all specifications by doing feasibility checks on manufacturability and quality control (measurability). AAE expects suppliers to quote within five working days.

Requested quotations are by all means non-committal, meaning no costs may be charged. The offered prices, discounts, lead times and delivery dates are committal in the further procurement process. If a quote is unable to provide, the purchase department should be contacted.

For NPI projects the quotation has to be made according the information which is provided by AAE in a RFQ information sheet. This sheet contains all NPI information which is needed to make a quotation according the QLTC standard.

4. Purchase Order Process

4.1. Purchase Order

All PO's are subjected to mutual agreements (price lists) based on the General Purchase Conditions AAE or by a framework agreement. A PO will be sent electronically. Each PO has a unique PO number, which shall be used in every communication regarding this PO.

PO's consist of three parts; supplier data, order lines and purchase conditions. Order lines consist of the following information;

- part numbers (AAE part number and / or supplier part number and / or manufacturer part number)
- description
- quantity
- unit of measure
- unit price
- discount
- total price
- requested delivery date

AAE strives to complete this data entirely. Should there be data lacking (or different than agreed) please contact the purchase department so it can be corrected, supplemented and / or explained. PO's are sent by email, to your specified email address.

All necessary information to properly execute the PO is specified on the PO document and / or in the provided TPD. If the provided information is not sufficient (or incomplete), the supplier is obliged to contact the purchase department.

4.2. PO Confirmation

All PO's need to be confirmed within three working days. The confirmation has to be sent to inkoop@aaebv.com. When confirming, please refer to the PO number of AAE. If you are unable to confirm the order, please contact the purchase department. Delivery of a PO without confirmation is not allowed.

4.3. PO Deviations

After the PO confirmation, deviations in any form are not allowed. In case deviations are unavoidable, the supplier needs to inform the purchase department for acceptance before shipment.

AAE is entitled to reschedule, cancel or suspend the manufacturing of products by 24 months from the initial agreed delivery date. If after 24 months AAE decides to cancel the order the material costs incurred and added value created by the supplier will be paid by AAE. This compensation is without any margin that would have generated if AAE had not cancelled the order.

5. Product development

5.1. Drawings & Procedures (Engineering)

Drawings and procedures are always provided by AAE and form the basis of the individual working steps. If drawings or procedures cannot be provided, each executing company will provide their own appropriate drawings or procedures aligned with AAE (engineering). These must be approved by AAE in writing prior to starting the production of prototypes and series. The billing of this service is additional. These extra costs have to be aligned with AAE before executing.

5.2. Change Management

If the supplier intends to make changes to their products (with respect to the materials, components, different suppliers, manufacturing processes, production location or equipment etc.), supplier must do a full FAI. Parts identified as 'CC1' (critical) always require formal upfront approval by AAE, this in compliance with requirements from AAE or its end customers.

5.3. End of Life

The supplier must inform AAE formally at least one year in advance if supplier intends or foresees a phase-out for a product. The supplier is expected to provide an end-of-life plan which at least includes a release program for a fully compatible alternative. The supplier should provide AAE with the opportunity for a last time buy.

6. Quality

6.1. Production & quality control

AAE expects its suppliers to have an effective in-process / out-going quality control in place. This must include a visual outgoing inspection to prevent easy-to-detect defects such as scratches, contamination, problems with packaging, and incorrect labelling. AAE requires suppliers to document the results of all inspections in order to prove full conformity of the part, process, service and/or software. If indicated on the PO, AAE requires reports such as measurement reports, material certificates, certificates of conformity etc. to be sent digitally to the email address as stated on the PO. If the part contains a unique serial number or batch number, this number has to be visible on the required documents.

6.2. Inspection Report

The supplier ensures conformance to all specifications. Quality inspection results based on the requirements specified in TPD in the Test Instruction Sheet (e.g. 160 sheet) must be sent digitally to the email address as stated on the PO prior to every delivery. If the product has a serial number or batch number, this number has to be stated on the inspection results.

6.3. Retention of data

The supplier has to retain original measuring and process data for 15 years. A copy can be requested for evaluation by AAE or its customers. Data must be made available within 24 hours.

6.4. Deviation note

The supplier must comply with all requirements specified in the TPD. In case of deviations from the TPD, the supplier needs to inform AAE before shipment. If AAE allows the deviation, the supplier must use an AAE Deviation note. The Deviation note needs to be signed for acceptance by AAE and returned to the supplier before shipment. The signed document needs to be delivered with the shipment.

6.5. Return to Vendor

All products delivered by the supplier may be subjected to incoming quality inspection by AAE. Rejection of an article is reported on a defect report from AAE's complaint management system. These reports give a description of the reject, the article number, reject date and reject quantity. In case there is a reject, the supplier needs to check the other items of the related production batch (including parts in stock and delivery).

6.6. Collecting a Return to Vendor

Collection and re-delivery and/or repair of the rejected articles are at the expense of the supplier and needs to be done in the shortest possible time.

The supplier will send a credit note for incurred costs if the supplier and AAE agree to let AAE do the rework on the rejected part.

6.7. Quality assurance

The supplier is responsible for an analysis of the root cause of the reject. If AAE returns a product as a reject, then AAE expects the supplier to perform an analysis after receipt of the defective product. This analysis can be an internal action plan, Corrective Actions Preventive Actions(CAPA), or 8D.

7. Logistics

7.1. Delivery address

A supplier needs to send the products to the delivery address as shown on the PO. The products should be accompanied by a packing slip.

7.2. Packaging & shipping

Suppliers shall package its products properly to ensure safe and undamaged arrival at AAE.

Packaging is the responsibility of the supplier, included prescribed packaging. The supplier remains responsible during transport of the product.

Each shipment must include:

- Packing slip, containing the following information:
 - supplier name, address, contact name, telephone number and email address
 - AAE's PO number
- Delivery note, containing the following information:
 - AAE's PO number
 - AAE's PO line number
 - part number(s)
 - quantity per part number
 - serial number or batch numbers per item if applicable

Each order line must be packed separately and marked properly containing the following information:

- AAE's PO number
- AAE's PO line number
- part number
- quantity
- serial number of batch number visible on all layers of packaging

7.3. Terms of Delivery

The standard delivery term is DDP. Other terms and conditions must be accepted by the purchase department.

8. Payment

8.1. Invoicing

The invoice from supplier to AAE should be fully in line with the PO. The invoice may not be sent until the moment of final delivery.

The invoice shall contain the following information:

- PO number and PO line
- Quantity of delivered products per PO line
- Applied discount rate

Additional costs such as packaging material, minimal order costs and transportation costs are not allowed to be invoiced without permission from the purchasing department. If an invoice fails to meet the conditions, the amount on the invoice will not be paid. The invoice must be sent digitally to AP-team@aaebv.com.

8.2. Payment Terms

Unless otherwise agreed in writing, the term of payment is 60 days. Payment shall be effected after the invoice has been received and is in line with the PO. AAE makes weekly payments.

9. Sustainability

9.1. Environment

AAE expects its suppliers to have a policy to continuously improve its awareness and conscientious behavior towards the environment.

9.2. Compliance

AAE expects its suppliers to be comply with regulations REACH, RoHS and any other required regulations. Required documentation must be made available upon AAE's request.

10. Supplier evaluation

The purpose of supplier evaluations is to gain a thorough understanding of a suppliers' organization, that are strategically important, and / or have a significant impact on the end product. Annually, an evaluation will be carried out per supplier. Herein; the criticality of the products, the turnover, growth (turnover and/ or number of orders) and last year's supplier evaluations are included. Following the evaluation, it will be determined whether to include the supplier in a monthly evaluation and / or an audit.

Once per month, a supplier evaluation sheet can be forwarded to selected suppliers. These suppliers will be evaluated on QLTC. In case the minimum targets are not met, AAE requires its suppliers to have a continuous improvement plan in place. This plan needs to be aligned with AAE.

11. List of Acronyms

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|-------|---|
| 8D | Problem solving methodology designed to find the root cause of a problem |
| AAE | AAE b.v. |
| ASTM | American Society for Testing and Materials, technical standards of materials and services |
| ASME | American Society of Mechanical Engineers |
| CAPA | Corrective action and preventive action |
| CC1 | Critical part |
| DDP | Delivery Duty Paid |
| DIN | Deutsches Institut für Normung, German Institute for Standardization |
| FAI | First Article Inspection |
| ISO | International Organization for Standardization |
| NPI | New Product Introduction |
| PO | Purchase Order |
| QLTC | Quality, Logistics, Technology, Costs |
| QLTCS | Quality, Logistics, Technology, Costs, Sustainability |
| REACH | Registration, Evaluation, Authorisation and Restriction of Chemicals |
| RFQ | Request for Quotation |
| TPD | Technical Product Documentation |