

PREFACE

Dear supplier,

This document is the Supplier Manual of Landes High End Machining B.V. in Emmen, the Netherlands.

The guidelines and requirements in this document describe how we want to work with our suppliers. We derive these guidelines and requirements from demands from our customers and from our internal company procedures, and we hold these as essential in shaping a strong and competitive Supply Chain.

Our success in the market is determined by our performance in the fields of Quality, Logistics, Technology and Costs (QLTC). A good cooperation with our suppliers is crucial to this performance. We hope that this Supplier Manual will provide all information necessary to allow working together in a professional, efficient, profitable and enjoyable manner.

This version of our Supplier Manual replaces all previous versions. The latest version can be found on our website www.landes.nl.

In case of any questions you can contact our purchasing department, represented by Mr. Wilfred Menzen (by e-mail: wilfred.menzen@landes.nl).

H.H. Koning
Managing Director



LANDES HIGH END MACHINING, MISSION STATEMENT

Landes focuses on developing, manufacturing and assembling precision engineering components and small subassemblies. We deliver products from the 'high end machining' category to high quality market segments.

LANDES HIGH END MACHINING, PROFILE

Landes has existed since 1985 and is specialised in producing complex turning and milling products. The markets we deliver are Semiconductor industry, Medical Industry, Aerospace, Machine industry, Sensor technology and Process industry. Focus lies on 5-axis machining, combined turning-/milling production and, on a limited scale, module assembly.

We mainly process titanium, aluminium and high alloy steels, but we also handle other types of steel and plastics. Our products are complex, because of their shape and tolerances or by additional requirements with respect to quality or logistics. Our processes are setup for serial repetitive work, a major part of our machinery is suited for 24 x 7 operation. Landes employs approximately 50 qualified and committed people. For more information about our company, you are welcome to visit our website: www.landes.nl.

We invest in long term relations with our customers. Our customers are very demanding, so we lay strong emphasis on the preparatory phase of our production cycle. We believe that Quality Assurance is more important than Quality Control. The preparatory phase is of utmost importance, since it determines to a large extent the quality of our processes and products. For serial and repetitive production work it is absolutely mandatory to carefully go through the preparatory phase, after which optimal performance with respect to QLTC can lay the basis for a sustainable relation. This is also the way in which we would like to cooperate with our suppliers, demanding from them a market approach that is similar to ours. Optimal performance in QLTC is a precondition for this.

We value our suppliers. Not only because they can add onto our competencies, but also because our flexibility is increased by the optional use of their production capacity. Flexibility is asked for by our customers, and it is a precondition for our market position.

We hope to ensure, by providing information in this Supplier Manual and by sharing the demands from our customers, that our suppliers are sufficiently informed to assume their important role in the chain successfully.

PURCHASING CONDITIONS

To all our requisitions and assignments the GENERAL PURCHASING AND (SUB-) CONTRACTING CONDITIONS of the Koninklijke Metaalunie apply. The latest version of these conditions is available at our website www.landes.nl, under 'Downloads'.

SUPPLIER SELECTION

Landes suppliers are expected to be competitive in every aspect of QLTC. This means among other things timely delivery of products that meet the specifications against optimum price, and having in place a certified Quality Assurance system, that fits the nature of the work.

Cooperation with a new (potential) supplier always starts with an RFI (Request for Information). During this phase we gather information, on which we will base our decision whether or not to place an RFQ (Request for Quotation).

After assessing the received RFQ's we will decide which suppliers will receive a Purchase Order (PO). Approval of the products or services delivered is the concluding step for adding the supplier concerned to our list of released suppliers (Supplier Scope).

Landes is serious about taking responsibility for the environment. We also expect this from our suppliers. We explicitly select suppliers whose commitment is reflected in their procedures according to ISO14001, and who meet the requirements that follow from regulations in the fields of CM, RoHS and REACH. You can find more information about these European Regulations on page 9 of this Supplier Manual.

REQUISITIONS AND ORDERS

Depending on the nature of the outsourced project, products or services, Landes may ask the supplier to sign a Non Disclosure Agreement (NDA). NDA's are always related to a specific project. The supplier is expected to make arrangements to ensure that the NDA is respected within his organisation, and if applicable by his suppliers. In case an NDA is obligatory, it has to be signed by both parties before the exchange of information starts taking place.

Specific export regulations (e.g. ITAR, EAR) may apply to a project. If this is the case, it will be communicated during the RFQ-phase. The obligation to exchange technical product data through secure communication lines may be a consequence of these regulations. Landes has facilitating software available to support the secure exchange of data with her suppliers.

Any offer submitted is assumed to be binding for a period of at least 8 weeks (unless agreed otherwise) and has to be specified in non-recurring costs, hours and materials so that the individual cost components are transparent. This information may be used for future reduction of costs and other optimisations.

Our Purchase Orders specify the delivered products or services and possible additional requirements. Every Purchase Order needs to be confirmed through e-mail to purchasing@landes.nl. The confirmation shall refer to our Purchase Order number (format 72yyxxxx). And further, the confirmation needs to show: the article number with current revision, the amount, unit price and delivery date. The delivery date is the date on which products or services are delivered at Landes.

In some cases after the formal release of a product and process, we will ask our supplier to provide us with the latest version of all documentation that is relevant for production. Documents that are relevant for production, are e.g. material certificates, CoC's, FMEA's, Control Plans, Work Instructions etc.

New suppliers will only be added to our Supplier Scope, after delivery of goods or services that fully comply with the required specifications and demands.

SUPPLIER ASSESSMENT

Annually, the performance is analysed of all suppliers that are mentioned on our Supplier Scope. This analysis is based on financial risks or delivery risks, and follows the Kraljic method, leading to a purchasing portfolio.

Starting from this composed purchasing portfolio, areas at risk are determined, and suppliers within these areas at risk are assessed. The outcome is discussed within the Management Team. This may lead to a rearrangement of suppliers, and to the expansion or reduction of the Supplier Scope.

Operational, logistic and quality performance of suppliers is measured on a monthly basis. This performance should comply with:

- *Approval percentage > 98%. This percentage is determined by the relation between the number of approved order lines and the total sum of order lines.*
- *On time delivery > 95%. Delivery is regarded as 'on time' when supply takes place between – 2 days and + 2 days from the agreed date of delivery (CLIP).*
- *Order confirmation > 95%. Orders need to be confirmed within 5 working days.*

Next to the assessment on the basis of these parameters, we reserve the right to request information from our suppliers about their internal quality performance.

Should the analysis of available data show that a supplier is under-performing, then the concerned supplier will be asked to set up an improvement plan. This improvement plan needs to be communicated with our purchasing department and quality department allowing us to monitor progress.

QLTC DEMANDS

Quality (Q)

General

In addition to the release of suppliers based on certification (ISO9001, AS9100 etc.) and a test delivery, we think it is important to follow the development of the supplier in general and their Quality Management System in particular. We therefore reserve the right for ourselves, or together with our customers, to audit our suppliers with respect to processes that are relevant for delivery of products or services to us. The emphasis will lie on suppliers that are involved together with us in Aerospace projects, which require AS9100 certification. This standard imposes the 'right to audit suppliers'. Of course auditing is done in consultation, and arrangements for conducting an audit will be made in an early stage. Non-disclosure of other (non-Landes) projects will be respected.

Measuring reports and certificates

Products and services need to comply with specifications as mentioned on, or sent together with, our Purchase Order. Supplier will provide before, or at the latest together with the delivery of the product or service, all relevant documents, like measuring reports and certificates that show that specifications are met. Digital documents are to be sent to certificates@landes.nl, identified by our Purchasing Order number (format 72yyxxxx) and the line number of the Purchasing Order.

In case of good performance of a supplier, a Certificate of Conformity (CoC) may suffice to accompany the shipment. By signing the CoC, the supplier declares that the products meet the specification, and that measurements have been made according to the agreements. A CoC should always refer to our Purchasing order number (format 72yyxxxx). The underlying measuring reports and certificates shall be filed in a sound and reliable way by the supplier, and are to be sent to us upon demand.

The standard retention period for measuring reports and certificates is 3 years. CoC related documents shall be retained for 7 years. Deviating retention periods for documents will be communicated during the RFQ phase.

Our approval procedure of delivered products or services includes verification of the delivered documents. Products or services supplied without the required documents, are considered to be not received.

Handling complaints

If products or services do not meet the specifications, Landes will draw up a 'Non Conformity Report', which will be sent to the supplier. This report will state the Rejection Number, the product or service concerned, the deviation, the rejection date and quantity. The supplier is deemed to verify whether other products or services from the same batch do meet specifications, and to take containment measures.

Supplier is responsible for analysing rejections and establishing the root cause according to the 8D methodology or comparable. Feedback on corrective and containment measures shall be given within 2 weekdays, and within 10 weekdays feedback shall be given of the preventive measures. Corrective actions, particularly repairs are only allowed after written consent.

We preserve the right to repair deviating products or services at suppliers' account, should this be demanded by timely delivery to our clients. Supplier will be previously informed. If applicable, deviating products will be returned to the supplier at their account.

Logistics (L)

Deliveries

Unless agreed otherwise, all deliveries are deemed to be carriage paid to Emmen (Incoterms 2011 / DDP).

Supplier is responsible for providing adequate packaging, so damage during handling and transport is avoided.

The number stated on the Purchase order are net, unless agreed otherwise in writing. All products shall be unambiguously identifiable. In case of additional requirements with respect to product identification, these will be communicated during the RFQ-phase.

Forecast

All of our forecasts, oral or written, are to be considered 'non-binding', and no rights whatsoever can be derived thereupon. Only signed Purchasing Orders will be valid as contractual commitments between Landes and their supplier, provided that the Purchasing Order is in accordance with our internal Landes Authorisation Scheme.

Technology (T)

Modification of products, specifications or processes

Suppliers shall have an engineering change procedure. Since products and specifications may be subject to change, it is a prerequisite that the supplier has a procedure in place for handling modifications and revisions. Landes expects timely (within the time agreed) and accurate information from their suppliers about the implications of any modification in the 4 fields of QLTC. Important aspects are requalification of processes, first delivery of the modified product, stock position, altered lead times, impact on tooling, sales price adjustment and the cost of disposal of obsolete products.

Suppliers are not allowed without our previous written consent to modify their own processes and the processes at their suppliers that are relevant to us. Subcontracting products and services by our suppliers to others is not allowed without our previous written consent. The modification of any process is only to be executed according to a Modification Procedure that includes the related formal release by us.

Obsolescence Management

Suppliers shall guarantee that they will be able to deliver a certain product to Landes at least until 10 years after latest delivery, unless agreed otherwise. When suppliers anticipate that this requirement can no longer be met, they shall indicate this in writing at an early stage, so we can look for alternatives.

Management of digital information

Suppliers shall have an IT infrastructure in place and related procedures that guarantee the confidentiality and continuity of the technical product- and process information (production documents, work instructions, FAI documentation).

The organization of the infrastructure shall guarantee that own employees will handle available information in a prescribed – secured – way, and that outsiders will not be able to access this information. Export regulations may impose additional requirements with respect to storage, control and accessibility of digital information.

Continuity of IT-infrastructure shall be guaranteed by an adequate back-up system, so in case of a disturbance all relevant information remains available.

Specific client demands

For some projects specific customer requirements may apply, not only internally to us but also to our suppliers. These specific customer requirements will be communicated during the RFQ phase. Specific customer requirements are either stated on our Purchasing Order, or will be sent along with the Purchasing Order.

Costs (C)

Market conformity and cost reductions

Landes expects from its suppliers that they will charge prices that reflect the market, and that they have a system in place for the continuous reduction of quality costs and material costs, and for improving productivity. Supplier shall manage cost reduction programs demonstrably in an adequate manner.

Processes can only be modified after taking into account the instructions as mentioned under Technology (T): 'Modifications of products, specifications or processes'.

Transparency of cost structure

For offers to us, but also for running projects, we expect suppliers to provide understanding of their pricing structure, so reductions of costs can be established and implemented jointly. Supplier should give insight in their cost structure regarding their profit margin, material, wages, surcharges and other direct and indirect costs. Non recurring costs shall be discernible from recurring costs.

Client dependency

For a long term cooperation with our suppliers it is important that their client dependency remains limited to a certain percentage of their turnover, preferably not more than 10%. At our request, suppliers shall provide information showing the referred dependencies.

Term of Payment

Landes uses a 60 day standard payment term for suppliers.

RELEVANT LINKS FOR RoHS, REACH and CM.

REACH

[European Regulations ECHA EC 1907 / 2006](#)

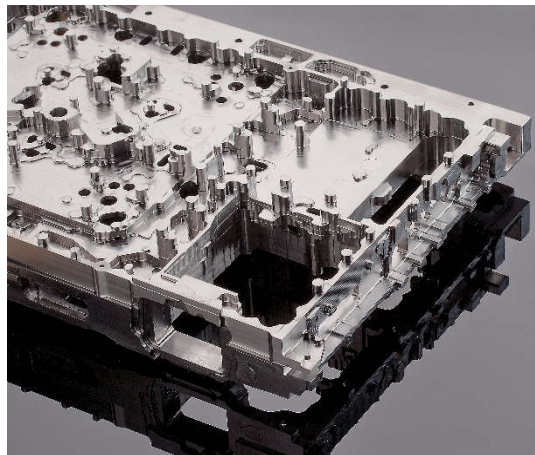
RoHS

[European Regulations EC RoHS II 2011/65/EU & 2015/863](#)

Conflict Minerals

US legislation for manufacturing companies publicly traded in the US

Final rule: <https://www.sec.gov/rules/final/2012/34-67716.pdf>



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