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1 INTRODUCTION AND SUPPLIER ACKNOWLEDGEMENT PROCESS

Dear Supplier:

Hyster-Yale Group (HYG) is pleased to present the initial issuance of the first edition of our Supplier Expectations Manual (SEM). HYG expects suppliers to embrace the contents of this manual and incorporate it into your everyday product supply operations to ensure the highest possible quality is achieved for all parts and services provided. HYG views this manual as an important tool to assist suppliers in attaining the highest level of performance by communicating clear expectations for doing business with HYG. It is critical that suppliers make this resource available to all employees in your organization that may interact with HYG.

HYG expects the supplier’s leadership team to review this manual in its entirety and distribute to employees involved with HYG’s account. The SEM includes answers for most of the questions HYG routinely receives from our supply base and provides guidance for almost every interaction that may occur during routine business exchanges.

Finally, HYG expects the main sales contact at the supplier to complete the online acknowledgement process. This is accomplished by following the link provided below and completing the online process. The critical step in the acknowledgement process is that suppliers confirm the leader of each identified functional area is provided access to the SEM. This is accomplished during the online acknowledgment process by reporting each functional leader’s name and position or title. Each identified leader is expected to distribute the SEM to employees on their team that conduct business with HYG.

HYG will follow up on supplier acknowledgements to ensure that all suppliers complete the process in a timely manner. If questions remain after reviewing the SEM, please contact your local Supply Chain Representative for clarification. If during review an acronym is unclear, please refer to the glossary in the back of the SEM for more information.

Click here to register your acknowledgement of HYG’s Supplier Expectations Manual. http://www.jotform.co/HYGproc/SEM_Acknowledgement

Regards,

Mark Champagne
Acting Director, Supply Chain – Americas

Angela Kilkie
Director, Supply Chain – Europe

Stephen J. Karas
Vice President, Global Supply Chain
2 SUPPLIER EXPECTATIONS MANUAL OVERVIEW

This manual defines the expectations necessary to ensure a successful partnership between Hyster-Yale Group (HYG) and our suppliers in attaining the high standard communicated in our Quality Policy. HYG’s Quality Policy includes a section addressing the important role that a fully compliant supply base has in meeting our customers’ expectations. HYG’s complete quality policy is shown below highlighting the section emphasizing our suppliers’ role in accomplishing one of the critical elements in our policy.

HYG QUALITY POLICY
At HYG, it is our policy to deliver products and services that meet or exceed the expectations of our customers. This is accomplished by:

- Completely understanding our customers’ requirements on a global basis
- Translating these customer requirements into an effective and capable product and services strategy through excellence in product development and product support
- Manufacturing products under controlled conditions with capable processes and competent personnel
- Implementing sourcing policies and actions that promote long-term, mutually beneficial supplier relationships and ensuring superior quality, delivery, responsiveness and value
- Verifying and validating that products, parts and product support services will meet all customer requirements
- Continuously monitoring, analyzing and improving all processes affecting the quality of our product and product support services
- Actively supporting and complying with all regulatory and environmental requirements

This manual informs potential and current suppliers of HYG’s quality and performance expectations for all products and services purchased from suppliers. By meeting these expectations, our supplier partners help ensure that HYG meets or exceeds the expectations of our customers.

Suppliers are expected to fully understand HYG’s expectations and disseminate this manual to all key functional areas within your organization. Further, HYG expects suppliers to regularly review these expectations with new employees as they move into any functional areas that interact with HYG.

By nature, HYG’s SEM is a general document not intended to cover every aspect of every situation. HYG may issue other documents and communications which may refine the details of the terms by which HYG proposes to conduct business with any particular supplier for any particular program. Without limitation, these additional documents may include purchase orders incorporating the HYG Standard Purchase Order Terms and Conditions, supplements to purchase orders, Master Supply Agreements, letter agreements and similar related documentation.
3 COMPANY BACKGROUND

On September 28, 2012, Hyster-Yale Materials Handling, Inc. (NYSE: “HY”) was formed as a public company following a spin-off from NACCO Industries, Inc. Hyster-Yale Group (HYG) is an operating division of Hyster-Yale Materials Handling, Inc.

HYG designs, engineers, manufactures, sells and services a comprehensive line of lift trucks and aftermarket parts, which are globally marketed primarily under the Hyster® and Yale® brand names. Since 1989, HYG has provided the strategic leadership and global support behind Hyster® and Yale® lift trucks, two of the most successful lift truck brands in the industry. In 2011, Hyster-Yale introduced a new range of UTILEV® brand forklift trucks. UTILEV® is a utility lift truck made for customers that have basic applications.

Business Highlights -

- HYG is one of the top three world leaders in the lift truck industry
- Hyster and Yale brand names have been in business for more than 90 years
- Comprehensive global product line with many recently introduced or significantly redesigned products
- Strong, independent dealer network
- $2.5 billion in global sales for FY2012 ending December 31, 2012
- 12 strategically located manufacturing facilities worldwide—Lift trucks and component parts are manufactured in the United States, Northern Ireland, Mexico, the Netherlands, the Philippines, Italy, Japan, Vietnam, Brazil and China
- Product development centers on three continents
- Large installed population base of lift trucks; an estimated 785,000 Hyster® and Yale® lift trucks in operation worldwide

HYG’s portfolio of materials handling equipment is among the most comprehensive in the industry. The company covers over 600 end-user applications in more than 700 industries. HYG’s products include a full range of electric and internal combustion engine lift trucks for nearly all indoor and outdoor applications. From narrow aisle warehouse trucks to the toughest cargo handling equipment, our counterbalanced lift trucks are recognized as some of the most productive in the world.

Click here for information about HYG and Hyster-Yale Material Handling, Inc.  
http://www.hyster-yale.com/

4 CRITICAL SUPPLIER PERFORMANCE EXPECTATIONS

HYG has many expectations for suppliers, which are detailed in all of the sections that follow this one. However, the expectations presented in this section are ones that HYG considers most critical for suppliers to be a successful partner. The critical supplier performance expectations presented in this
section may be considered an Executive Summary with more detail provided in the sections that follow.

4.1 Code of Conduct for Business Partners

HYG expects all suppliers to adhere to our Code of Conduct for Business Partners. HYG is committed to achieving the highest standards of legal and ethical conduct for itself and its directors, officers and employees. As a part of maintaining these high standards, HYG requires that its suppliers will uphold these same standards. Over and above the strictly legal aspects involved, suppliers are expected to observe high standards of business and personal ethics in the discharge of your responsibilities to HYG.

For HYG’s Code of Conduct for Business Partners and how it applies to your company, click here and select “Business Partner Code of Conduct”.

If a copy is required, send email to amer.procure@HYG.com and make your request.

4.2 Master Supply Agreement (MSA)

HYG expects suppliers to enter into our Master Supply Agreement (MSA) that outlines the contractual obligations for all aspects of the relationship between HYG and suppliers. If you do not have a current MSA, contact your Procurement Representative to determine your MSA status. HYG’s MSA is a requirement to become a Preferred Supplier; see section 7.1.1 for more information on the benefits of and how to obtain Preferred Supplier status.

4.3 Quality

HYG expects suppliers to strive toward our ultimate goal of zero defects for all products and services provided to HYG. To achieve and maintain zero defects, HYG expects all suppliers to employ a continuous improvement program. Suppliers can refer to your Annual Supplier Expectations (ASE) for our specific annual targets for quality and warranty performance as well as our Supplier Quality Manual for Advanced Quality Planning and Process Control Requirements.

4.3.1 Supplier Quality Manual (SQM)

Suppliers are expected to adhere to HYG’s Supplier Quality Manual (SQM) for all processes related to delivered quality of parts and components to HYG. For example, part approval submission is required for all new parts and Engineering Change Notifications (ECN’s) and covered in our SQM. All suppliers should have already received the SQM and acknowledged it at the website address found on page 2 of the SQM. Click here to access the SQM.

4.3.2 Warranty

Suppliers are expected to respond promptly to warranty claims communicated by HYG. When warranty claims are presented, suppliers are to immediately take action to contain the identified warranty issue, investigate root cause(s) and implement corrective actions to prevent any additional occurrences of the issue. Suppliers are also expected to work with HYG’s Warranty Administration Team and to reimburse us for all warranty claims.
4.4 **On-Time Shipments**
HYG expects suppliers to strive toward our ultimate target of 100% on-time shipments per the “Required On or Ship Date” communicated on purchase orders (POs) from HYG’s Material Planning Team. Suppliers are also expected to promptly complete Advance Shipping Notices (ASNs) for all shipments. Suppliers can refer to HYG’s Annual Supplier Expectations (ASE) for specific yearly targets for on-time shipment performance. Also, see the Material Planning section (11) for more detailed information related to our on-time shipment expectations and ASN process.

4.5 **Supplier’s Total Lead Time Less Than Six Weeks**
To support our customer’s expectations to receive forklift trucks within industry competitive lead times, HYG expects suppliers to have a total lead time of six weeks or less for all products supplied to any HYG location. The total lead time is defined by HYG as the supplier’s manufacturing lead time plus the transit time from supplier’s location to the intended HYG location.

4.6 **Cost Control and Cost Reductions**
HYG expects suppliers to drive out all elements of excess cost from our purchase prices in all stages of product life (from design concept to part phase out). This expectation is critical to the future viability and long-term success of both HYG and our suppliers. Suppliers are expected to develop and maintain a list of viable cost reduction proposals that meet or exceed the percentage communicated each year through our Annual Supplier Expectations (ASE) process. These elements of cost may include VA/VE, labor, factory overhead, G&A and profit and other factors within the supplier’s control. Suppliers are expected to submit cost-reduction ideas via HYG’s web-based cost reduction system—Harrington Quality Management System (HQMS)—or as directed by your Procurement Representative.

4.7 **Aftermarket Program Support**
HYG’s Aftermarket Programs are an integral part of our company’s operational success and require our suppliers’ full support to ensure that customers’ expectations for products purchased from HYG are met or exceeded over the life of product purchased. HYG is committed to providing outstanding aftermarket support in order to keep customers’ forklifts and related products in service with minimal downtime. Suppliers are expected to support our Aftermarket Programs and all related requests. See the Aftermarket Programs section (12) for more detailed information related to aftermarket support expectations.

4.8 **Continuous Improvement**
HYG expects suppliers to demonstrate a commitment to the continuous improvement of technology, manufacturing capabilities and manufacturing processes. This typically results in improved products in the areas of additional features and/or benefits, increased product life expectancy/reliability and reduced total cost of the products provided to HYG.

In a constantly changing and competitive market where our customers demand more function and reliability, HYG must not only search for ways to improve, but fully embrace the concept of continuous improvement. We must accomplish this and provide all at a lower cost of purchase and ownership.
Suppliers are challenged to improve the products they provide and to address the expectations of HYG, our customers and the markets we serve.

Suppliers are expected to submit suggestions that will improve product quality, function, features, cost reduction initiatives or any other portion of our relationship that could add value to HYG, our products or our customers. Changes in process or any other areas that result in a reduced cost of manufacture by the supplier should be accompanied by a corresponding reduction in cost to HYG.

Changes to product form, fit, design, materials or function must pass through HYG’s Process Change Request (PCR) procedure as outlined in our SQM and are not permitted without the express written permission of HYG’s Engineering or SQE Team.

5 **CRITICAL SUPPLIER COMMUNICATIONS**

Timely and clear communication between HYG and suppliers is critical to mitigating potential risks in today’s global supply chain. HYG expects this type of communication in all exchanges; however, HYG has some specific critical supplier communications that require an even higher level of focus. Additionally, all communications to HYG shall be in English.

5.1 **Proactive Supply-Related Communications**

HYG expects suppliers to communicate proactively and provide early notification for the following:

- All sub-supplier or sub-contractor issues that could affect HYG or our customers
- Any changes in the status of acknowledged purchase orders and/or confirmed shipments of purchase orders to your local Planning Representative(s)
- Any potential supply or capacity issues to your Procurement Representative(s)
- Contingency planning strategies developed by suppliers need to be in place for all supplier manufacturing facilities that ship to HYG; these strategies should be communicated to your Procurement Representative

5.2 **Process Change Request (PCR) Notification**

HYG expects suppliers to submit a Process Change Request (PCR) for all requests for authorization of any proposed material changes, internal process changes, moves of equipment or tools within supplier’s facility or moves of production locations by suppliers. PCRs should be submitted to your Procurement or SQE Representative at least 90 days in advance with regard to timing of the proposed change. Suppliers are to reference HYG’s SQM for complete information about our PCR process and related form.

5.3 **Part Approval Submission Documentation**

HYG expects suppliers to submit part approval submission documentation for all new parts and parts affected by ECNs. Suppliers are to reference HYG’s SQM for complete information about our part approval process and related forms.
5.4 Aftermarket “Truck Down” Notification
When HYG’s Aftermarket Team communicates a “truck down” in the field issue, a response for availability of affected parts is expected from suppliers within 24 hours of the initial contact. HYG has committed to our dealers and customers that the highest priority is given to any “truck down” situation so we can assist them to return that product to service as quickly as possible. A failure to respond within 24 hours could adversely impact your Supplier Annual Scorecard (SAS) and/or Supplier Performance Management (SPM) score.

5.5 Risk Analysis—Part Requests Within Lead Time
This communication will come from our Material Planning Team and request supplier’s attention to an HYG customer order that may challenge our agreed lead time. These potential customer orders represent incremental business and market share expansion for HYG. When such situations arise, HYG performs a “Risk Analysis” to determine if all necessary parts will be available. If supplier provides an impacted part(s), HYG’s Material Planning Team will communicate the part information to the supplier via email and request a response within one business day. A response for availability of affected part(s) is expected from our supplier within the indicated time after our initial contact of the issue.

5.6 Notification of Supplier Personnel Change
HYG expects suppliers to promptly notify your Planning and Procurement Representatives of any changes in key personnel that routinely interact with HYG’s account. HYG considers key personnel to be your customer service and sales representatives as well as anyone at a manager level and above in your quality, manufacturing, sales, customer service, engineering and/or shipping areas. Supplier’s communication of personnel change should be emailed to your HYG contacts. It is expected to include the incoming person’s contact information along with an explanation of the change and their acknowledgement of the SEM.

6 SUPPLIER PERFORMANCE SCORECARDS
Objective feedback for supplier performance is one of our keys for continuous improvement. HYG provides feedback to selected suppliers through various supplier performance scorecards which are described in the sections below. Scorecards are primarily provided to Core Suppliers (see section 7.2.1); however, in some cases scorecards may also be provided to Non-Core Suppliers.

6.1 OEM Performance Scorecards
Scorecards are used to measure supplier performance and track progress of continuous improvement initiatives for suppliers to our production facilities. Suppliers are expected to carefully review scorecards as soon as they are made available and initiate corrective action when scores are not meeting the targets in any of the categories.
6.1.1 Supplier Annual Scorecard (SAS)

HYG completes a comprehensive Supplier Annual Scorecard (SAS) in January or February of each year for the preceding calendar year’s performance, including both objective and subjective feedback in the following key areas:

- Cost
- Quality
- Warranty
- Delivery
- Aftermarket Support

Quality, Delivery and SRM Compliance ratings from your monthly scorecards are objective scores used to complete supplier’s SAS. These ratings are incorporated into the SAS along with additional critical metrics that are reflected in HYG’s Annual Supplier Expectations (ASE). Supplier’s performance compared to our annual scorecard criteria and targets earns an overall rating reflected as a percentage out of 100% potential total format. These scorecards are used to evaluate suppliers for additional business, determine supplier designations (Preferred, Qualified or Restricted) and for consideration of annual supplier awards.

After the SAS is communicated in January or February, an Annual Performance Review (see section 8.3.1) will be scheduled during the first half of each year to review your scores, provide additional feedback on your performance and review corrective action proposals implemented by suppliers to address opportunities for improvement in their previous year’s performance.

6.1.2 Supplier Monthly Scorecard (SMS)

HYG will present your Supplier Monthly Scorecard (SMS) around mid-month following the month being reported, and it includes objective feedback on supplier performance in three key areas listed below:

- **Quality** – HYG measures quality in Defects per Million (DPM). HYG’s DPM score is the number of rejected items divided by the number of receipts. Quality feedback is provided individually by plant and then consolidated into a total for your performance by division (Americas and/or Europe).

- **Delivery** - HYG’s on-time shipment measurement is based upon submission of ASN for the full quantity listed on our purchase order for the requested ship date. Delivery feedback is provided individually by HYG plant and then consolidated into a total for your performance by division (Americas and/or Europe).

- **SRM Compliance**
  - Americas Division – HYG provides feedback for two criteria:
    - Invoice submission - calculated as the percentage of electronic invoices for the full PO quantity submitted within the same month as our requested ship date
    - Invoice timeliness - calculated as the percentage of electronic invoices for the full PO quantity submitted within three days of the ASN posting date
  - European Division – HYG provides feedback for three criteria:
o ASN submission – ASN has been submitted for the full PO line quantity within the same month as the PO ship date
o Invoice submission - calculated as the percentage of electronic invoices for the full PO quantity submitted within the same month as our requested ship date
o Invoice timeliness - calculated as the percentage of electronic invoices for the full PO quantity submitted within three days of the ASN posting date

SRM Compliance feedback is not provided by plant, but consolidated into a total for your performance by division (Americas and/or Europe).

If there are questions or challenges on your scorecard data, see the HYG contact information provided at the bottom of each scorecard. Any challenges to the monthly data should be submitted in the month that the scorecard is received. If after a challenge is received by the designated HYG contact and it is determined that a change in the rating is merited, a corrected scorecard will be made available for that month.

6.2 Aftermarket Performance Scorecard
Suppliers involved with our Aftermarket Programs can expect to receive similar performance scorecards on an annual and monthly basis. As with OEM scorecards, suppliers are expected to carefully review these scorecards as they are made available. Where targets are not being met, suppliers are expected to implement corrective actions to return their performance to an acceptable level.

For the Americas Aftermarket Program, supplier’s performance status is available online; contact your Aftermarket Procurement Representative for details about how to access your scorecard. For European Aftermarket Program, annual and monthly scorecards are mailed to suppliers.

7 SUPPLIER DESIGNATIONS AND GENERAL SUPPLIER INFORMATION

7.1 Supplier Rating Designations
HYG designates and identifies suppliers by their rated Supplier Annual Scorecard (SAS) performance compared to the Annual Supplier Expectations (ASE). Ratings for key metrics are recorded in monthly scorecards provided to suppliers reflecting their performance in three basic, but critical areas – Quality, Delivery and SRM Compliance. Additional metrics are rated in our SAS including Cost Containment, Cost of Poor Quality (COPQ), Warranty, Aftermarket Support and some additional metrics related to Quality and Delivery. The rating on the annual scorecard combined with other critical requirements determines a supplier’s designation – Preferred, Qualified or Restricted. Contact HYG’s Procurement Representative if there are questions about your inclusion in our ASE and scorecard processes.

7.1.1 Preferred Supplier Status—Requirements and Benefits

Requirements – Must meet all of the requirements outlined below to be a Preferred Supplier.

• Obtain full commercial compliance with the following:
• Master Supply Agreement (MSA) – enter into a written MSA with HYG
• Supplier Quality Manual (SQM) – comply with HYG’s quality expectations and processes
• Supplier Expectations Manual (SEM) – acknowledge the SEM through the online process
• Total lead time – maximum six weeks (total lead time = supplier’s manufacturing lead time + transit time) or at HYG’s discretion implement a pull based/line sequencing process methodology (HYG will communicate expectation specific to each supplier)
• Vendor Managed Inventory Agreement (if applicable) – agree to inventory commitments for suppliers participating in off-site warehouse solution; this is normally used for suppliers shipping product from outside the country where the receiving HYG site is located

• Acknowledge and work toward meeting ASE targets communicated annually for the following:
  o Quality
  o Continuous Improvement Process or Delivery
  o Cost Reduction
  o Supplier-Specific Expectations

• Actively participate in Annual Cost Review (ACR) and Annual Performance Review (APR) events:
  o See Annual Comprehensive Review Process (section 8.3) for more information
  o APR meetings are generally held in March through May of each year to review supplier’s performance for the previous year
  o ACR meetings are generally conducted September through November of each year and review specific supplier generated cost reduction ideas planned for implementation in the year following

• Above-average performance on Supplier Annual Scorecard (SAS):
  o Supplier achieves a score of 80-100%

• Supplier must meet listed requirements each year to maintain Preferred Supplier status
• Preferred Suppliers that fail to meet all of the required criteria are allowed a grace period to complete corrective action plans, improve noted deficiencies and meet criteria before being moved to a lower status (Qualified or Restricted)

Benefits – Potential benefits are outlined below for a Preferred Supplier.

• First opportunity for new product development projects
• Potential to increase business based on performance
• Long-term commitment via MSA
• HYG Senior Management “Top to Top” review meetings
• Preferred Supplier recognition

7.1.2 Qualified Supplier Status—Requirements and Benefits

Requirements – Any supplier working toward Preferred Supplier status but not meeting all of the criteria will be deemed a Qualified Supplier as long as the minimum requirements listed below are met.

• Obtain partial commercial compliance with the following:
- Supplier Quality Manual (SQM) – comply with HYG’s quality expectations and processes
- Supplier Expectations Manual (SEM) – acknowledge the SEM through the online process
- Total lead time - maximum six weeks (total lead time = supplier’s manufacturing lead time + transit time)
- Vendor Management Agreement (if applicable) – agree to inventory commitments for suppliers participating in off-site warehouse solutions; is normally employed for suppliers shipping product from outside the country where the receiving HYG site is located

- Average performance on SAS:
  - Supplier achieves a score of 50-79%
- Supplier must meet listed requirements each year to maintain Qualified Supplier status
- Qualified Suppliers that fail to meet all of the required criteria will be allowed a grace period to make corrective action plans, improve noted deficiencies and meet criteria before being moved to Restricted Supplier status

**Benefits** – Potential benefits are outlined below for a Qualified Supplier.
- Second opportunity for new product development projects
- Qualified Supplier recognition
- HYG may assist supplier in developing improvement plans to address deficiencies that may enable supplier to qualify as a Preferred Supplier

### 7.1.3 Restricted Supplier Status—Criteria and Consequences
- Not meeting minimum standard of supplier performance on SAS:
  - Supplier achieves score below 50%
- Supplier is notified of restricted status and placed on 90-day probationary period
- If unable to meet minimum requirements after 90-day probationary period, supplier will be considered for elimination from HYG supply base
- If supplier is deemed critical, then HYG may target for intense development activities to assist supplier to meet our minimum criteria
- Restricted suppliers may not be awarded any new business until at least Qualified Supplier status is attained

### 7.2 Core or Non-Core Supplier Designation
HYG has two designations of suppliers, Core and Non-Core, which distinguishes the level of communication that can be expected to occur between our companies during the course of each year. A supplier’s designation may change as business levels and other factors evolve during the course of our relationship.

#### 7.2.1 Core Suppliers
Core Suppliers represent a select group of suppliers in each division, Americas and Europe, which comprise approximately +90% of HYG’s annual purchases by division and typically have an annual spend exceeding $500,000 with HYG. Suppliers may also be considered Core Suppliers when deemed
critical to our business by leading technologically in their respective industries and providing outstanding new product development support. Core Suppliers receive regular communications regarding our expectations, their performance, any special situations and other applicable initiatives.

7.2.2 Non-Core Suppliers
Non-Core Suppliers represent all other suppliers. While considered just as critical to our business needs as Core Suppliers, Non-Core Suppliers may not receive the same level of communication from HYG. Non-Core Suppliers are not exempt from any of the expectations contained in this manual unless an expectation is specifically addressed to our Core Suppliers. Contact your Procurement Representative if you have questions about your supplier designation.

7.3 Supplier Awards Program
HYG honors its suppliers for their commitment and outstanding service through our Supplier Awards Program. These recognized supplier partners are vital to helping HYG deliver superior quality and value to its end customers. The program also inspires suppliers to improve quality and strengthen the business relationship with HYG. Core Suppliers that demonstrate exemplary performance and meet the criteria listed below may receive an award in one of the listed areas.

7.3.1 Quality Award
- Consistently achieved best-in-class quality
- Systems in place to ensure built-in quality up front
- Responds quickly when non-conformance is found
- This category may include more than one supplier

Data is gathered via HQMS, Quality Assurance and SQE feedback, Supplier Monthly and Annual Scorecards, operational feedback and validated by Procurement Team review.

7.3.2 Continuous Improvement Award
- Actively engaged in quality improvement
- Significant and sustained improvement
- Committed to prevention of recurrence
- This category may include more than one supplier

Data is presented by our Quality Team and validated by Procurement Team review.

7.3.3 Above and Beyond Award
- The supplier(s) who most demonstrated a willingness to do whatever it takes to surpass normal customer expectations
- This category may include more than one supplier

Recommendations and nominations are presented by all operational functions and validated by Procurement Team review.

7.3.4 Supplier of the Year Award
- Best overall performance in Quality, On-Time Shipment and Cost
• Providing the ‘X’ factor to the business relationship
Data analysis is per the content and proposals noted within the other awards and validated by Procurement Team review.

Supplier awards are typically designated and presented annually. When possible, our award presentations may be incorporated into HYG’s supplier conferences. For supplier awards made in years when there is no HYG supplier conference scheduled, we will announce the award winners to our supply base and arrange for special presentations to the winners.

7.4 Supplier Forklift Purchase Program
HYG offers suppliers the opportunity to participate in our Supplier-Plan Corporate Account Program (S-Plan). The S-Plan provides suppliers with the option to purchase Yale® or Hyster® materials handling equipment from your local participating authorized dealer or directly from us through our Corporate Account Program. Contact HYG’s Procurement Representative for more information about how to take advantage of this program.

8 PROCUREMENT AND COMMERCIAL
HYG’s commercial expectations represent a key part in HYG’s supply chain and suppliers are expected to adhere to our processes to ensure compliance. In the following section, suppliers will find general expectations for conducting business with HYG. If there are any questions regarding the expectations listed in this section, contact your Procurement Representative.

8.1 Master Supply Agreement (MSA)
HYG expects suppliers to sign our Master Supply Agreement (MSA) that outlines the terms of the relationship between HYG and suppliers. Our MSA is a key foundational element for a mutually successful relationship; it communicates in writing our requirements for suppliers as well as what suppliers can expect from HYG. If you do not have a current MSA, contact your Procurement Representative to determine your MSA status. The MSA is a requirement to become a Preferred Supplier (see section 7.1.1).

8.2 Annual Supplier Expectations (ASE)
HYG communicates critical performance expectations annually through Annual Supplier Expectations (ASE) sent in January of each year primarily to Core Suppliers. The ASE is reviewed and updated each year to reflect HYG’s expectations for that particular year. Expectations fall into standard categories such as Quality, Continuous Improvement Process and Cost Reduction which are common to all Core Suppliers. In addition, a supplier-specific expectations section is included to communicate expectations particular to each supplier. These supplier-specific expectations will vary by supplier and may address areas in which the supplier scored low on the Supplier Annual Scorecard (SAS) and/or reflect expectations for opportunities specific to the upcoming year.
Suppliers are expected to review your ASE with your senior management team responsible for HYG’s account; then, our key supplier contact will sign and date the ASE which acknowledges the following:

“I hereby acknowledge receipt of HYG’s expectations for ‘20XX’. Our company understands the expectations and will work toward meeting them.”

HYG does not view your signature on the ASE as a contractual obligation, only that supplier acknowledges receiving our expectations and will put forth a good faith effort to meet the ASE targets. Once signed, the ASE should be returned in the manner indicated to the Procurement Representative listed near the end of the ASE form.

HYG may follow up with suppliers during the year to ensure that our expectations are met or in the process of being met by the specified target dates. Suppliers that fully comply with HYG’s ASE can expect to receive favorable ratings on their SAS.

8.3 Annual Comprehensive Review Process

HYG’s Annual Comprehensive Review is a two-part process in which Core Suppliers meet with your Procurement Representative at least twice each year. At the discretion of your Procurement Representative, these meetings may be in person at an HYG site or at a supplier’s site; meetings may also be arranged as a conference call or WebEx. This review process is described below in more detail.

8.3.1 Annual Performance Review (APR)

HYG’s Annual Performance Review (APR) is a detailed review of your performance reflected in your SAS from the previous year. Your Procurement Representative will set up your APR in the time frame starting around the end of the first quarter and normally concluding sometime in the second quarter. The APR will mainly focus on continuous improvement in the Quality and Delivery areas; however, any areas of your SAS that need improvement may be addressed. Suppliers are expected to present and review any corrective action plans requested in your ASE sent in January or February of the current year. This step helps ensure that suppliers are on track to improve in all areas not meeting HYG targets from the previous year.

HYG expects suppliers to dedicate available capacity and have actionable plans to meet all of HYG’s requirements assigned to them. Our APR may include a review of your capacity to meet current and future year’s requirements from HYG. See our Supplier Capacity Survey section (8.9.3) for more details.

8.3.2 Annual Cost Review (ACR)

HYG’s Annual Cost Review (ACR) is a detailed review of supplier’s cost reduction proposals to meet the targets communicated in the ASE acknowledged by supplier earlier in the year. Your Procurement Representative will send an invitation and detailed agenda approximately one month prior to the start of our ACR meetings. ACRs are generally scheduled starting in September and concluding by early December. Suppliers are expected to develop viable cost reduction ideas during the year prior to the ACR time frame. Further, suppliers are expected to respond to our ACR invitation with an acceptance
of the proposed meeting date as well as to provide the requested information in advance of our meeting.

Your Procurement Representative may add other items for discussion to the agenda depending on the current circumstances. However, the primary focus during the ACR is supplier’s cost reduction proposals to meet the ASE target along with other cost-related topics.

8.4 Cost-Reduction Ideas—Generation & Submission
HYG expects suppliers to continuously investigate and report cost-reduction ideas in effort to meet and exceed their assigned ASE targets. As HYG’s systems to submit cost-reduction ideas evolve, contact your Procurement Representative to determine the best method for submitting your ideas. All cost-reduction ideas should be fully developed to specifically identify the part numbers affected, the change(s) required and the cost reduction estimate realized by implementing the idea.

HYG will review your cost-reduction ideas to determine if they are feasible and generate sufficient savings return to warrant the resources required to implement. If you have questions about the status of your cost-reduction ideas submitted to HYG, contact your Procurement Representative.

8.4.1 Cost-Reduction Tracking
HYG expects suppliers to use our Harrington Quality Management System (HQMS) to submit cost-reduction ideas online. HQMS combines our quality and cost reduction modules. Once you log in to the site, suppliers can select the cost reduction module to submit cost-reduction ideas. Click here to go to HYG’s HQMS. http://www.h-qms.com/HYG/


8.5 Commercial Negotiations
HYG expects suppliers to direct all topics of a commercial nature to your Procurement Representative. Commercial topics are defined to include any exchange of information related to pricing, lead times, minimum order quantities, order multiple quantities and payment terms. Also, suppliers should forward any request for quotes or informal requests to quote parts that may be received from any areas within HYG other than procurement to your Procurement Representative.

8.6 Down-Time Charges
HYG expects suppliers to accept financial responsibility for down-time charges that HYG may incur due to supplier’s late or missed shipments. If lost production time and expenses are incurred at any of our locations due to a supplier’s late or missed shipment, HYG will contact the supplier and present claims for all costs incurred.

8.7 Aftermarket Service Support
See section 12 for more detailed information about HYG’s expectations related to our Aftermarket Programs. Suppliers are expected to fully support all initiatives that may be communicated from our Aftermarket Team. Your Procurement Representative expects accountability from suppliers with OEM
business to support HYG’s Aftermarket Program requirements that may apply to parts provided by supplier.

8.8 Total Lead Time (TLT) Less Than Six Weeks
HYG expects suppliers to meet our Total Lead Time (TLT) target of six weeks or less. As a “build to order” manufacturer, HYG only produces product in response to orders from our dealer and customer orders. HYG does not maintain a finished truck inventory; therefore, in order to support our customers and remain competitive in the forklift market, HYG must maintain competitive lead times for all of our products.

8.8.1 Lead Time Agreement (LTA)
With an executed Lead Time Agreement (LTA) in place, HYG will issue POs that are firm in that they will not be rescheduled out or cancelled without prior agreement with supplier. HYG reserves the right to reschedule in orders if our production requirements demand product sooner. HYG’s Planning Representative will contact the supplier’s Customer Service Representative (CSR) to discuss any “reschedule in” requests before changing the ship date on a PO.

8.8.2 Inventory Management Agreement (IMA)
In specific cases where a material commitment by HYG may assist a supplier in meeting the TLT target of six weeks, HYG may elect to negotiate an Inventory Management Agreement (IMA) with the supplier. The IMA is used to define the material commitments (for finished and/or raw material) made by HYG with a supplier. For more information about an IMA, contact your Procurement Representative.

8.9 Risk Mitigation and Business Continuity Planning
HYG expects suppliers to provide evidence of risk mitigation and business continuity planning. Suppliers are expected to work in good faith with HYG to provide plans that meet or exceed HYG’s expectations for comprehensive crisis management and to review and update these plans on an agreed regular basis.

HYG’s risk mitigation and business continuity planning may include monitoring of supplier’s financial health. Suppliers are expected to cooperate and provide HYG appropriate documentation to support such assessments, should HYG show just cause.

8.9.1 Tier I & II Supplier Mitigation Plan
HYG expects suppliers to develop and maintain documented mitigation plans for critical parts/suppliers at both the Tier I and Tier II levels to ensure uninterrupted part supply in the event of a supply disruption. Suppliers are expected to identify key suppliers and have a backup plan for each.

For Core Suppliers, up-to-date backup plans are expected to be available for review during both the APR and ACR meeting if listed in the agenda for each. For Non-Core Suppliers, up-to-date backup plans are expected to be sent to your Procurement Representative within 10 business days after receipt of a formal request.
8.9.2 Disaster Recovery Plan
The value of a Disaster Recovery Plan is the ability to react to a threat or event swiftly and efficiently. This can only be achieved when suppliers have an informed staff, disaster supplies and planned procedures. HYG expects suppliers to develop and maintain a Disaster Recovery Plan that demonstrates reasonable preparedness for the following:
- Environmental Disasters
- Organized and/or Deliberate Disruption
- Loss of Utilities and Services
- Serious Information Systems Incidents

For Core Suppliers, Disaster Recovery Plans are expected to be available for review during both the APR and ACR meeting if listed in the agenda for each. For Non-Core Suppliers, Disaster Recovery Plans are expected to be sent to your Procurement Representative within 10 business days after receipt of a formal request.

8.9.3 Supplier Capacity Survey
In an expanding economic climate in the United States, Europe and/or globally, HYG may conduct supplier capacity surveys with our Core Suppliers. These surveys are used to determine if sufficient capacity is reserved for HYG to meet our anticipated demand over a predetermined time frame usually 12-18 months. To secure confirmation of supplier’s capacity, HYG’s Supplier Capacity Assessment Document will be sent to suppliers and is expected to be fully completed by our suppliers.

The Supplier Capacity Assessment Document covers two distinct areas of capacity assessment confirmation: (1) Internal and (2) External. The accurate completion of the Supplier Capacity Assessment Document is critical for HYG to reach a joint conclusion on the level of risk associated with our supply base’s ability to support a potential business increase.

If we jointly identify a significant level of risk for any raw material, production process or logistics channel, suppliers are expected to develop a detailed risk mitigation plan that addresses the issue(s) and reserves adequate capacity for HYG. HYG’s Procurement Representative will follow up with Supplier Representative for your risk mitigation plan until we jointly agree that sufficient capacity is available and the identified risk(s) are minimized.

8.10 Request for Quote (RFQ)
HYG will send Request for Quote (RFQ) for new or existing business and expects suppliers to respond with a quote that addresses all of the criteria covered in the RFQ. Unsolicited quotes from suppliers will not be accepted. All quotations must be submitted to your Procurement Representative(s). Any RFQs received by suppliers from areas of HYG other than Procurement should be forwarded to your Procurement Representative for review prior to sending a quotation.

8.10.1 Supplier Quotations—Manual Template
All supplier quotations are expected to address all part numbers and special requests in the RFQ. Supplier’s quotation is expected to comply with the following:
• All quotations must be completed on the HYGRFQ template provided with the submitted RFQ package.

• HYG requires all quotations to be based on HYG’s estimated annual requirements (EAR) unless otherwise noted. The actual purchase order quantities will be determined later by our Material Planning Team to achieve maximum just-in-time flow.

• Unit price shall include material, any finishing operations, assembly and disposable packaging. It shall include costs for "critical to quality" measurements and data collection to monitor long-term process capability. HYG expects its suppliers to maintain processes that yield 1.33 Cpk or better. Unit price must be quoted in currency of the country of origin for the product or as instructed by your Procurement Representative.

• A detailed cost breakdown as indicated below is expected with each RFQ response:
  o Raw Material Cost
  o Purchased Material Cost
  o Outside Process Cost
  o Labor Cost
  o Packaging Cost
  o Overhead + Profit
  o State lead time, minimum order quantity and order multiple or packaging quantity (if applicable)
  o Warranty: as stated in warranty section of this document

• Quote INCO Terms of “Ex-Works” / Origin for quotation purposes only. International suppliers should include costs associated with carrying 45-60 days of safety stock inventory at final destination warehouse.

• Any and all tooling costs should be quoted separately from unit price in the currency of the country of origin. Lead time for tooling is to be included in your quote. Suppliers are encouraged to find least cost solutions for all tooling proposals. Tooling is to be designed around industry-standard equipment and maintained at the supplier’s expense.

• Note any deviations and/or material exceptions considered in your quotation proposal.

• Note any design or specification changes for cost reduction proposals (material, processes, tolerances, etc.) that HYG can consider before sourcing parts covered by the RFQ.

• U.S. suppliers must provide a certificate of insurance confirming minimum coverage of $5,000,000 in general liability and products/completed operation coverage. The purchaser shall be named as the additional insured under the product liability sections of the policy.

• Quotes should be returned on or before the due date indicated in the RFQ.

8.11 Tooling Located at Supplier’s Location

HYG-owned tooling located with our suppliers may represent a significant capital investment or be critical to the production of our product used by both our OEM and aftermarket locations. HYG expects suppliers to ensure all necessary steps to protect our investment in tooling and follow our
Tooling Statement guidelines provided with each tooling PO issued to a supplier prior to the start of any tool build.

8.11.1 Tooling Statement Expectations

- It is understood that the tools, dies and fixtures are the property of HYG and are to be used exclusively for producing patterns, parts and other specified items solely for HYG.
- HYG reserves the right to remove the tools, dies, patterns, and other items specified from the supplier’s premises for any reason and at any time after tooling cost have been paid for in full.
- The supplier agrees to carry insurance coverage, equal to full replacement cost, against all perils, including fire, theft and natural disaster.
- The supplier agrees to maintain adequate, accountable, control of the property while property remains in the possession of the seller. This includes maintaining the tooling in a condition suitable to produce acceptable parts at all times. The seller shall protect the tooling from abuse, loss, and damage.
- The supplier agrees not to move the tooling from the site originally designated, unless they have obtained prior written authorization from HYG.
- The tooling shall be clearly and permanently marked with the owner’s name, (Hyster-Yale Group), part number(s) the tooling produces, date the tooling was placed into production and if requested, the HYG tool number.
- Upon completion of the tooling, drawings and photographs of all tools, dies, patterns, list of parts produced and other items specified will be mailed to the issuer of the tooling PO.
- The supplier affirms that HYG owns or licenses the intellectual property, including drawings, sketches, calculations, etc… associated with the tooling and supplier agrees not to claim any right in the same.
- The supplier and HYG acknowledge that one or both of them may designate a subcontractor to produce parts or components for parts that may then be provided (i) to the supplier for assembly into the parts being manufactured or assembled by supplier for HYG or (ii) to HYG directly. In such cases, supplier acknowledges that it must obtain the consent of HYG before providing any HYG tooling to a subcontractor and agrees that supplier will cause the subcontractor to enter into a tooling statement identical to this form prior to providing any HYG tooling to the subcontractor.
- Any costs for repairs, rebuild, or replacement that are to be paid by HYG are to be requested in writing and in advance. Authorization for work will be via issuance of a HYGPO.

8.11.2 Obsolete Tooling

For any tool(s) that a supplier considers obsolete and in need of disposal, HYG expects suppliers to provide a written request to your Procurement Representative prior to any action being taken. Supplier’s written request should include the following:

- HYG tool number
- HYG part number(s) produced by the tool
8.12 Engineering Change Notification (ECN) Process

HYG uses an Engineering Change Notice (ECN) to communicate engineering information such as a change, addition or deletion to our product structure, drawing specifications and service parts (including VASP) to the suppliers. An ECN is typically communicated to suppliers from an ECN Coordinator at the affected location through our standard ECN form. Suppliers are expected to respond within five business days to the ECN form with all of the information requested. Depending on the disposition of the ECN, suppliers are expected to work with our ECN Coordinators and Planning Representatives for each affected HYG location to ensure the change is implemented according to our schedule.

8.13 Excess & Obsolete Inventory

ECN changes can lead to situations where product(s) can become obsolete or not fit for production. Upon receipt of an ECN that makes product obsolete, suppliers are expected to promptly identify the quantity of all potential non-usable material including both in-house and in-transit product. Suppliers are also expected to detail all components, quantities and costs for both work in process and finished goods on hand at the point of notification. Further, it is the supplier’s responsibility to notify their Planning and Procurement Representatives in writing of their request for disposition of obsolete material. Suppliers are expected to store all products to ensure quality until a HYG Representative audits the material or provides written instructions for disposition.

For VMI or warehouse stocking situations, HYG will accept liability for the agreed safety stock levels and authorized material in-transit. Disposition of all additional material will be supplier’s responsibility.

8.14 Physical Identification of Parts

HYG expects that supplier parts shall not have physical identification unless specified by HYG or required by regulatory standards such as UL, CE, and engine emission compliance. Physical identification is not recommended unless required for traceability. Please reference HYG’s specification K210 or contact your Procurement Representative if you have any questions about our expectations for the physical identification of a part. Click here and select “K210 Part ID Specification” for more information. http://www.hyster-yale.com/Business-Partners/Suppliers/srm-training-materials
For product imported to our U.S. locations, see Country of Origin (COO) Part Identification section (18.1.2) for more information.

8.15 Supplier Diversity Reporting (Suppliers to U.S. Only)

HYG’s supplier diversity program is committed to partnering with a diverse supply base which can provide high-quality, innovative products while remaining cost competitive and maintaining volume flexibility.

HYG expects all suppliers to fully comply with requests for information from HYG about your own supplier diversity status as well as that of any of your suppliers. Further, HYG expects suppliers to actively seek out and provide opportunities for small businesses, small disadvantaged businesses or minority business enterprises, women-owned small businesses and veteran-owned small and service disabled veteran-owned small businesses to participate in the subcontracts it awards to the fullest extent consistent with the efficient performance of its contract.

Contact your Procurement Representative if you have any questions about your participation in HYG’s Supplier Diversity Program.

8.16 Conflict Minerals – Annual Supplier Reporting Requirement

Hyster-Yale Group, Inc., (HYG) as a US publically traded company is required by the US Securities and Exchange Commission to file annual reports concerning the use and origin of Conflict Minerals in its final product. Conflict minerals refer to tantalum, tin, tungsten and/or gold.

Specific HYG suppliers supplying product that may contain a Conflict Mineral are required to supply the industry standard Conflict Mineral Reporting Template (CMRT) to HYG on or before March 31 each year. The CMRT discloses if the supplier’s product contains a Conflict Mineral and the origin of the Conflict Mineral for the prior calendar year (January – December). HYG will contact suppliers each year with reporting instructions and due dates.

9 QUALITY

HYG expects suppliers to use our quality systems to adhere to HYG’s policies for handling all aspects of delivered product quality. By following these policies and procedures, suppliers will help HYG achieve our target of zero defects in all facets of our relationship.

9.1 Supplier Quality Manual (SQM)

HYG expects suppliers to strictly adhere to our Supplier Quality Manual (SQM). Please reference our SQM for complete details regarding HYG’s expectations of suppliers for quality of all purchased parts. Click here for HYG’s SQM.

9.2 Cost of Poor Quality (COPQ)

HYG continues to invest in quality year after year as we strive to improve the quality experience for our customer. An important part of that investment focuses on processes to improve the quality of the product and efficiency within our manufacturing facilities by driving down the reject rate of purchased components.

To ensure improvement, year after year, HYG utilizes the following resources and processes:

- Supplier Quality Engineers across our global footprint
- Quality Engineers within our manufacturing facilities
- Collaborative development activities on new projects
- Consolidation of supply to the best performing suppliers
- Application of Six Sigma practices across the core functions of our business

Working collaboratively, we must continue to eliminate all non-conformances throughout the complete supply chain to the final customer. The special handling and communication required to manage non-conforming product is considered a cost of poor quality (COPQ) and is an unacceptable administrative cost to HYG. HYG remains committed to work with any supplier to eliminate non-conformances and our sites are staffed with Quality Engineers and often Global Supplier Quality Engineers who are prepared to provide information and support to achieve that objective. When a non-conformance does flow through to HYG, there is a direct impact to process efficiency and requires incremental operations which translate into costs.

While we work together to eliminate all non-conformance, HYG will charge back those costs plus a non-conformance administrative fee (approximate value of $200 USD) when it is determined that non-conforming product has been delivered. The charge will be communicated and applied during the normal process of achieving return authorization for the non-conforming product and will be recovered along with any other mutually agreed cost of rework, production down time, freight and other expenses incurred as a result of receiving the non-conforming material. HYG expects suppliers to fully support our efforts in this area as well as the recovery of all COPQ charges.

To ensure both HYG and suppliers prevent the shipment of non-conforming material and the associated cost; HYG expects the strict application of Advanced Product Quality Planning (APQP). Suppliers need to ensure that staff is engaged with HYG to understand the Critical to Quality (CTQ) characteristics and that the data for the CTQ characteristics is being recorded for verification of compliance to these characteristics. HYG expects suppliers to ensure root cause analysis methods as defined in DMAIC, 8-D, 7-D and other widely utilized corrective action processes are practiced as a standard part of business.

9.3 Global E-Rejects System

HYG utilizes an online interactive corrective action management System; referred to as Global E-Rejects, which follows the standard steps of root cause analysis and corrective action. This is the
primary system and method HYG uses to communicate and manage non-conformances and the corrective actions of purchased components, and HYG expects suppliers to utilize this system when requested.

9.4 Interactive Corrective Action Management (ICAM)

HYG has previously and may continue to communicate quality rejects to suppliers for some locations through our ICAM system which is in the process of being replaced by our new Global E-Rejects System. HYG expects all suppliers to transition from ICAM to Global E-Rejects Systems immediately when requested. Contact your SQE Representative if there are any questions about ICAM.

Click here for HYG’s ICAM system. [http://www.h-qms.com/HYG/]

10 WARRANTY

HYG monitors warranty claims very closely to ensure we are continuously meeting or exceeding our customers’ expectations. HYG expects supplier’s full involvement in reviewing warranty claims and providing reimbursement at an agreed level of support. Our mutual, continued focus is to improve quality and eliminate warranty expense, a goal well-served by a robust communication process. Specifically, suppliers can reference our ASE, MSA, PO terms and conditions or other agreements that include warranty sections to apply specific expectations.

10.1 Supplier Warranty Management and Charges

On a monthly basis, you will receive a detailed listing of claims paid by HYG where the fault lies with any part(s) furnished by your company (suppliers with no claims will not receive this listing). The claim value will be shown in two ways:

- Amount for reimbursement
- Total cost of claim

The amount for reimbursement is presented, but the total cost of the claim is provided for visibility on the amount HYG paid to our dealers or customers to reimburse them for current part’s cost, labor, claim fees, freight and travel. Suppliers may expect to receive full information on failures from HYG in a timely manner. As part of our commitment to help suppliers improve quality, we will be able to provide parts that failed in application when requested by supplier in accordance with our instructions. HYG expects suppliers to analyze their claims, report findings and reimburse in a timely manner.

As noted earlier, our ultimate goal is not to recover cost, but to eliminate all warranty expenses, for our customers, dealers, suppliers and HYG.

10.2 Supplier Warranty Reduction Program

Suppliers are expected to develop an aggressive warranty reduction program. Activities typically included in such a program are as follows: analysis of warranty issues, timely implementation of corrective action or process improvements to lower warranty costs and use of “lessons learned” to ensure warranty issues are eliminated in the design phase of future programs.
11 MATERIAL PLANNING

Material planning is another key function in HYG’s supply chain, and suppliers are expected to adhere to our processes to ensure on-time shipment of the parts to meet our manufacturing locations’ requirements. In this section, suppliers will find our general expectations to help eliminate waste on miscommunications and where processes are not aligned with HYG’s guidelines. If there are questions regarding the expectations listed in this section, contact your HYG Planning Representative.

11.1 Supplier Relationship Management (SRM) Overview

Supplier Relationship Management (SRM) is a web-based SAP program that HYG utilizes for its parts ordering management system. SRM links with SAP to distribute data to suppliers and also to collect data from suppliers. SAP/SRM is a singular system which utilizes a two-way transfer process between HYG and suppliers that improves efficiency and accuracy of the information being exchanged. All communications through SRM are routed through our e-commerce third-party provider.

SRM is used by HYG to create and modify POs, create and update supplier contracts, communicate forecasts, enter invoices, view PO history, and to create advanced shipping notices. HYG expects suppliers to fully utilize all of the features in SRM to help ensure on time shipment of the correct parts to each of our locations.

Click here to view and select any of the various training topics for HYG’s SRM/SAP application. http://www.hyster-yale.com/Business-Partners/Suppliers/srm-training-materials/

11.1.1 Third-Party Provider, E-Commerce Activity

Liaison Technologies (formerly Hubspan) is HYG’s third-party provider for all e-commerce activity communicated through SRM between HYG and suppliers. For help with any issues related to your SRM web portal administered by our third-party provider, contact Liaison Technologies’ Support Team at either of the following:

- Email: support.hubspan@liaison.com
- Phone: 206-838-5430

11.1.2 Supplier Communication Methods

- Machine to Machine (M2M or EDI)
  - HYGSRM system sends PO, PO change and forecast EDI documents to supplier
  - Supplier sends PO response, PO change response, ASN and invoice to HYG via EDI
  - Liaison Technologies (formerly Hubspan) acts as a translator and correlation service
- Agent (VMI suppliers to Americas locations only)
  - HYGSRM system sends forecast, and supplier sends invoices through web application
  - HYG’s Agent takes care of all other transactions using EDI with HYG
  - This method is only employed with HYG’s Vendor Managed Inventory (VMI) process
- Hybrid
  - HYG’s SRM system sends POs and Forecast to supplier via EDI
  - All other transactions via web application
• Future migration to full Machine to Machine (M2M or EDI) method is possible

  - **Web Application**
    - HYGSRM system sends POs and forecasts through web application
    - Supplier receives email notification of new document arrival
    - Supplier logs in to SRM Mint Link – [https://go.redwavecommerce.com/HYG/SiteLogin.aspx](https://go.redwavecommerce.com/HYG/SiteLogin.aspx)
    - Supplier uses SRM Web Application to accept or change POs, send ASNs, submit invoices and view forecasts
    - No process to connect; once registered, the supplier will be in the system as a user (See section 19.4.1 E-Commerce Registration Process)
    - Future migration to Hybrid or M2M methods is possible

  - **Email (2 methods)**
    - (1) Liaison Email - Supplier receives email POs and has ability to view forecasts in the Web portal; supplier has no ability to return documents
    - (2) SRM Email – Supplier receives email POs directly out of SRM
    - Neither email methods are available for regular OEM suppliers; but are intended for very low volume and/or SPED suppliers
    - Future migration to Web Application, Hybrid or M2M methods is possible

Suppliers should contact your Procurement Representative to discuss or request changes in your supplier communication method.

### 11.2 Forecasting

HYG suppliers are expected to regularly review our 12-month rolling forecast communicated in SRM. At a minimum, suppliers should review at least monthly by the second Monday of the month. Suppliers can find forecasts by part number within the SRM portal. HYG expects suppliers to adjust production plans and raw material requirements to meet forecasted demand for all part numbers assigned to them. All forecasts provided by HYG are non-binding.

### 11.3 Planning Process

HYG’s planned and purchased materials are based on our customer requirements. HYG expects suppliers to have programs in place to ensure the right products ship on time, in quantities ordered and to the correct HYG location. To complete the process, an Advance Shipping Notification (ASN) must be created upon finalization of a shipment and received by HYG within the same day.

#### 11.3.1 On-Time Shipments

HYG expects suppliers to ship products on schedule per the PO “Required Date” and in the quantity ordered. ASN creation within the same day as our requested ship date is required to be credited for on-time shipment purposes. Suppliers should reference HYG’s ASE for the applicable on-time shipment expectation in effect for the current year. Suppliers should contact your Planning Representative to determine the best strategy to create ASNs to meet our on time shipment criteria.
11.3.2 Flexibility in Production and Shipment
HYG expects suppliers to be able to respond flexibly in production and delivery. Suppliers should reference HYG’s ASE for our volume flexibility expectation in effect for the current year. Suppliers are also expected to communicate closely with your Planning Representative for any potential gaps in your shipment schedule.

11.4 Purchase Order (PO)
Purchase orders (POs) are communicated through HYG’s web application (SRM) where suppliers are expected to accept POs within a maximum of two business days after PO issuance. In SRM, suppliers will move POs into the inbox until the PO ships.

Suppliers will receive an email notification that new POs have arrived or PO changes have been made. Suppliers can check SRM daily for any new POs or PO changes. Click here for more information on processing POs.

11.5 Purchase Order Response (POR)
HYG expects suppliers to submit a purchase order response (POR) via SRM when (1) the new PO is first received and (2) when a PO needs modification in quantity, ship date or price. Once the POR is submitted, it is sent to the responsible Planning (for quantity and ship date POR) or Procurement (for price POR) Representative who will either approve or deny the request, and if denied, supplier will be notified by the responsible HYG Representative. Suppliers are expected to check and complete PORs as POs are received. Suppliers are also expected to respond with PORs within one business day. Click here for more information on PORs.

11.5.1 POR—Ship Date
The ship date is the specified date that the supplier is expected to physically ship their product to HYG. This date is also the deadline for an ASN to be done for shipment to be considered on time. Shipments and ASNs must be completed within the window of two days early and zero days late of the ship date for shipment to be on time.

Based on INCO Terms of “Ex Works / Origin” which is most commonly used for our parts, HYG is generally responsible for the transit time and delivery date; therefore, the ship date is the key date for suppliers to focus on meeting. In situations where INCO Terms vary from “Ex Works / Origin,” contact your Planning Representative for more information.

Ship dates and any ship date changes done on Monday will show every Tuesday on the open order report. If a supplier cannot meet the ship date, the supplier’s CSR must contact the HYG Planning Representative prior to the ship date.

11.5.2 POR—Ship Quantity
The PO ship quantity must be agreed upon by both our Planning Representative and the supplier’s CSR. Each week the MRP requests can have “decrease quantity” or variations of a quantity change. These
change messages are to be communicated between, agreed on and then changed by each party. Your HYG Planning Representative will make the change via SRM. Suppliers will agree or send a counterproposal via SRM Portal.

11.5.3 POR—Price
All prices are agreed to between HYG and supplier. Prices will not be changed unless approved by your HYG Procurement Representative. If the supplier’s CSR identifies a price discrepancy, they should send an email to your Procurement Representative with a copy to your Planning Representative. Many pricing discrepancies are due to new pricing that has been agreed upon but pending update in SAP; only your Procurement Representative can authorize changes and update the pricing. Suppliers are expected to respond correctly through the formalized POR process for all pricing issues.

11.5.4 POR—Delete Item
Deletion or cancellation of a PO line item should be addressed weekly between the supplier’s CSR and the Planning Representative. If a request to delete a PO line item is showing on the supplier’s SRM Portal, the supplier’s CSR may accept or reject. This is dependent upon whether the product is already “work in process” at the supplier or in transit to HYG. CSRs and Planner Representatives must pay careful attention for any cancellation requests as some orders may have multiple line items. Supplier is expected to maintain documentation in case any questions arise later.

11.6 Advanced Shipping Notice (ASN)
HYG expects suppliers to create an Advanced Shipping Notice (ASN) for each PO line item once the order has shipped. ASN information is submitted through the SRM portal and includes the following:

- Quantity shipped
- Bill of lading number
- Carrier ID
- Tracking number

To still be considered on time, the earliest a shipment may occur is two days prior to its current agreed ship date.

ASNs are expected to be submitted on the day the order ships and are considered late if submitted after the ship date listed on the PO. HYG allows suppliers a window to ship orders of up to two days early and zero days late without being penalized on the supplier scorecard for an early/late shipment. Click here for more information on ASNs.

http://www.hyster‐yale.com/Business‐Partners/Suppliers/srm‐training‐materials/

11.7 Open Orders Report
An open orders report is sent to suppliers on Monday of each week. HYG expects suppliers to verify all open orders for the correct ship date, price and item quantity. If a discrepancy is found between what is on the open order report and what the supplier has on file, your Planning Representative should be notified immediately so a correction can be made. Once all open orders are confirmed, the report
should be returned to the Planner via email with a message regarding the confirmation. For more information regarding the open orders report, contact your Planning Representative.

HYG Europe does not employ the Open Orders Report as a normal process and will only use this on an exception basis.

11.8 Move In / Move Out Request
This is a weekly action between your Planner Representative and your CSR. Each week, HYG’s MRP system will send automated messages to supplier’s CSR as change requests through SRM. Suppliers are expected to manage all changes through the SRM system.

Some suppliers may receive emails titled, “PO Changes” along with an Excel spreadsheet with all of the changes listed. Supplier’s CSR is expected to communicate and agree upon those changes or cancellations via the Excel spreadsheet.

11.9 Domestic Warehouse Report

11.9.1 Americas Only
HYG strongly encourages our international supply base to look into opportunities of supplying direct from North American warehouses to our various facilities in the Americas. The goal of suppliers having a domestic warehouse is to meet our six week lead time target and allows us to optimize our inventory levels. The supplier can also benefit from this process. The reduction of lead times reduces the number of POs and PO changes which can be complicated to manage by suppliers. POs and forecasts will still be provided on a weekly basis, but PO change requests are limited.

Once a supplier and HYG agree to the Domestic Warehouse process, warehouse inventory and in-transit quantities are agreed upon. Supplier will receive a Domestic Warehouse Report approximately every two weeks on the 1\textsuperscript{st} and 15\textsuperscript{th} of each month. HYG expects suppliers to completely populate the report with the current inventory and in-transit data. This report is expected to be emailed to your Planner within two business days after receipt.

11.10 Vendor Managed Inventory (VMI) Program

11.10.1 Suppliers Shipping to Americas Locations
HYG’s Vendor Managed Inventory (VMI) Program is for international suppliers who do not have any physical presence in North America or any relationship with a warehouse in North America. HYG expects these suppliers to supply to HYG through a third-party warehousing company, The Givens Group based in Chesapeake, VA, USA.

Once HYG and the supplier agree to this program, the supplier will ship product to The Givens Group based on HYG’s 12-month rolling forecasts accessed through SRM. There will not be any POs initially sent to the supplier. When HYG is ready to pull product from the third-party warehousing company, a PO is sent to Givens. Givens will then ship the product to HYG and create the ASN. The ASN
submission will be sent both to HYG and the supplier. When the supplier receives the ASN, they can invoice HYG for the product.

This process is beneficial to HYG for lead time and inventory reduction purposes; but, it is also beneficial for the supplier as PO management and PO change requests are completely eliminated. Contact your Planning Representative for more information related to our expectations for our VMI process.

11.10.2 Suppliers Shipping to European Locations

HYG’s Vendor Management (VMI) Program is primarily for suppliers whose transit times are greater than ten days. While HYG expects suppliers to manage VMI through a third party, our preferred VMI supplier is TRACCO, based in Belfast, Northern Ireland.

HYG will provide a 12-month rolling forecast which will allow the supplier to maintain an agreed stock level within the VMI warehouse. HYG will only release POs when the parts are called off from the VMI warehouse, at which point the supplier will be notified of the PO to allow an ASN invoice to be created.

This process is beneficial to HYG for lead time and inventory reduction purposes, and is also beneficial for the supplier, as PO management and PO change requests are completely eliminated. Contact your Planning Representative for more information related to our expectations for the VMI process.

11.11 Kanban Program (Alternative Inventory Ordering)

For high volume, routinely used part numbers, HYG may expect suppliers to work with us to set up a mutually agreeable Kanban Program. This program will further enhance our relationship by lowering our inventory and provide a methodology for reduced transaction costs. Outlined below are the general expectations for our Kanban Program:

- Method for placing and acknowledging POs—HYG may order materials from supplier via fax or other electronic means using a standardized form. If similar HYG form is used, the form will describe the materials, part number, quantity and total replenishment time (TRT).
- TRT is the time required for suppliers to fill the order and deliver materials to HYG’s receiving plant's dock indicated on the order form. The TRT period is expressed in number of business days, Monday - Friday. The TRT period will commence the first business day after the supplier receives the order form via fax or other electronic means from HYG.
- Supplier is expected to return, via fax or other electronic means, an acknowledgement of the receipt of the order form.
- Supplier responsibilities include:
  - Keep one kanban order of materials available for shipment or enough materials in production to support agreed TRT
  - Perform with 95% compliance or better on all HYG requirements; non-compliance includes a partial shipment, shipment of items not conforming to specification, shipment of incorrect items or material shipped too early or too late
o Prepare shipments of materials in exact quantities and containers as follows: (1) separate material in containers by part number, (2) label clearly each container with the part number and "kanban quantity" and (3) pack materials with different PO numbers separately
• HYG responsibilities include:
  o Provide a blanket forecast to the supplier each month for a 12-month anticipated usage by part number; the supplier should use the blanket forecast for the purpose of planning appropriate capacity, not as authorization to ship any materials or as a commitment to purchase
  o Accept financial responsibility for kanban(s) of materials available for shipment or enough materials in production to support agreed TRT

Suppliers are expected to contact your Planning and/or Procurement Representatives for additional details and expectations related to using our Kanban Program.

11.12 Sequenced Inventory Process

For high-value, routinely used part numbers, HYG may expect suppliers to cooperate with us to set up a Sequenced Inventory Process to deliver products to our manufacturing locations. Outlined below are the general expectations for Sequenced Inventory Process:

  • HYG will supply a 12-month forecast for planning purposes only, this forecast is non-binding
  • HYG will provide a four-week firm schedule with 5th working week
  • Supplier is expected to provide promise dates for the 5th week each week
  • Changes to the four-week firm schedule are expected to be communicated by supplier daily

Contact your Planning Representative for more details related to our expectations for a Sequenced Inventory Process.

12 AFTERMARKET

Suppliers are expected to provide full support for HYG’s Aftermarket Program initiatives to ensure our customers’ expectations are met or exceeded over the life of our products. HYG is committed to providing outstanding aftermarket support in order to keep customers’ forklifts and related products in service with minimal down time.

12.1 Aftermarket Terms of Supply

HYG wants the ability to support our customers’ products for 10 years after last production date for forklift trucks up to eight tons capacity and 15 years after last production date for forklift trucks over eight tons capacity. Suppliers are expected to supply OEM service parts to enable HYG to support our dealers and customers during the time period of our commitment. The supplier of record for a production part is expected to maintain their capability to supply HYG after parts are cancelled unless a source change is approved by HYG. Service parts are expected to be produced from production tooling. Regular preventative and predictive maintenance activities are expected to maintain production
capability. Set-up charges for service parts should be at or below the industry norm and are not to be used to capture the supplier’s inefficiencies in producing the component parts.

12.2 Aftermarket Pricing
Suppliers are expected to provide aftermarket service parts at the same price level as production parts as long as the parts for forklift trucks are still in production at HYG plants. Procurement Representatives for Aftermarket Programs and OEM Programs will coordinate with suppliers to maintain uniform price levels.

12.3 Aftermarket Lead Times
HYG expects suppliers to maintain industry competitive lead times for all aftermarket parts. Suppliers are also expected to provide a yearly lead-time update for all parts. Your Aftermarket Procurement Representative can be contacted for more information about aftermarket lead-time expectations.

12.4 Aftermarket “Truck Down” Notification
HYG defines a “truck down” situation as when a customer’s forklift is inoperable and out of service for any reason. We have communicated to our customers and dealers that “truck down” situations have the highest priority to return the truck to service.

When HYG’s Aftermarket Team communicates a “truck down” in the field issue to our suppliers, a response for availability of the affected part(s) is expected from our supplier within 24 hours of the initial contact. Further, the “truck down” situation with our customer is expected to be solved within one week. Failure to respond within the expected time frame for these may adversely impact supplier’s SPM performance scores.

12.5 Aftermarket Missed Opportunity Charges
HYG expects suppliers to accept financial responsibility for missed opportunity charges that HYG may incur due to supplier’s late or missed shipments. These charges may be related to a “truck down” situation or when planned service hours are missed by one of our customers. For charges that HYG incurs from our customer due to supplier’s late or missed shipment, HYG will contact the supplier and present a detailed claim for any costs incurred for each incident.

12.6 Aftermarket Physical Identification of Parts
HYG expects suppliers to reference section 8.14 in this manual for information about physical identification of parts or branding. Contact your Aftermarket Procurement Representative if you have any questions about Aftermarket’s specific expectations for the physical identification of a part.

12.7 Vendor Assembly Service Parts (VASP)
Suppliers are expected to provide Vendor Assembly Service Parts (VASP) lists (not bill of material lists) to support the aftermarket service needs of assemblies. The VASP lists are expected 16 weeks before the start of production. Information for HYG’s VASP list includes price, lead time, expected service intervals or usages, drawings and instructions.
Delivery of initial supply of service parts to our Aftermarket Team is expected 30 days prior to first production. Contact your Aftermarket Procurement Representative for more information about VASP.

12.8 **Sum of Component Parts Not To Exceed the Assembly Cost**

Service parts documentation and pricing are expected to be received before first production of the forklift and parts are made available for service. Prices for components or parts that comprise a system, unit or module are not expected, in the aggregate, to exceed the price of the system, unit or module less assembly. Any exceptions must be approved by your Aftermarket Procurement Representative prior to first production.

12.9 **Aftermarket Direct Ship Programs**

Suppliers participating in HYG’s Aftermarket Direct Ship Programs are expected to fully support our efforts to sell product to aftermarket customers. Direct ship suppliers are managed through HYG’s Aftermarket Marketing Group based in Greenville, NC, or in Nijmegen, NL. Direct ship suppliers market and sell their goods through HYG, and ship directly to HYG dealers or our customers. Aftermarket sales efforts include marketing direct ship suppliers’ products through HYG’s dealer and customer portals. The Direct Ship Procurement Representative will introduce and facilitate the execution of a Non-Disclosure Agreement (NDA) and a Direct Ship Agreement. These must be executed prior to a supplier offering products through HYG’s Aftermarket Program. All Direct Ship Program sales are transacted through HYG.

Direct ship suppliers are expected to excel at the following key criteria to be successful:

- Market competitiveness for all products
- Marketing capabilities
- Field sales staff to support dealer network
- Effective distribution network
- Products that meet requirements of global theatres
- Rebate program (in addition to margin expectations)
- Strategic meetings with HYG Aftermarket Team
- Effective sales strategies
- EDI invoicing processes in place
- Pricing provided with HYG and vendor part numbers

Contact your Direct Ship Procurement Representative with any questions related to our Aftermarket Direct Ship Program.

12.10 **Aftermarket Logistics**

See Logistics section (15) for information that covers our aftermarket logistics expectations.
13 ACCOUNTS PAYABLE

13.1 Invoicing

In order to ensure efficient processing of invoices, suppliers are expected to invoice promptly and accurately according to terms on our PO accepted through SRM. Supplier invoice accuracy is critical since any discrepancies in your invoice will cause it to be placed into an exception process requiring manual approval by the responsible party at HYG.

There should be no changes in the invoiced prices and quantities previously acknowledged by supplier through SRM’s Purchase Order Response (POR) process. Any changes in pricing required by a supplier after submitting the POR will need to be communicated with and agreed to by your Procurement Representative. Any changes in the quantity shipped required by a supplier after submitting the POR will need to be communicated with and agreed to by your Planning Representative.

Any miscellaneous charges applied to the invoice not represented on the PO or communicated with and agreed to by your Procurement Representative will also cause an invoice to be placed into an exception process requiring manual approval by responsible party at HYG. This may result in delays for processing your invoice for payment.

13.1.1 Electronic Invoicing

HYG expects all suppliers using M2M, Hybrid or Web-Based SRM systems to submit invoices electronically through SRM. All required fields must be completed in the Electronic Invoicing Process through SRM. Invoices that are submitted electronically should not be submitted manually to HYG unless a HYG representative specifically requests that an invoice be mailed. Submitting duplicate invoices may result in delays in both our processing and payment of the duplicate invoice(s). Supplier can reference HYG’s SRM work instructions for more information on how to electronically submit invoices or contact your Planning Representative.

13.1.2 Manual Invoicing (paper copy)

If manual or paper copies of invoices are mailed to HYG, the following information is expected to be clearly identified on your invoice:

- Invoice Number
- VAT Number (if applicable)
- Invoice Date
- HYGPO Number
- HYGPO Line Item Number
- HYG Part Number
- Quantity Shipped
- Unit Price Per Part
- Extended Price Per Part (unit price times quantity shipped)
- Invoice Total
Omission of any of the required invoice information may result in delays in our processing and payment of your invoice.

Manual invoices should not be submitted if supplier has already electronically invoiced HYG through SRM. Invoices should be submitted only once to HYG or delays may result from having two copies of the same invoice in our system.

13.1 Payments

13.1.1 Payment Method
Preferred method of payment is electronic, via Automated Clearinghouse (ACH) for domestic suppliers and Wire transfer for foreign suppliers. However, HYG can accommodate other methods of payment as well (example – check, credit card). Contact the appropriate Accounts Payable Help Desk for more information.

13.1.2 Americas Division Payment Terms and Timing
The standard payment schedule is once per month, on the second (2nd) from last business day of the month, for all invoices due through the last calendar day of the same month, based on the number of days from invoice date stated in our agreed payment terms (Example – Net 30 and Net 45 Day Terms).

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<thead>
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<th>Payment Terms</th>
<th>Invoice Date</th>
<th>Due Date</th>
<th>Payment Date</th>
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<tbody>
<tr>
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<td>3/1/13</td>
<td>3/31/13</td>
<td>3/28/13</td>
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<tr>
<td>Net 45</td>
<td>3/1/13</td>
<td>4/15/13</td>
<td>4/29/13</td>
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</tbody>
</table>

13.1.3 European Division Payment Terms and Timing
The standard payment schedule is once per month, on the third (3rd) business day of the month, for all invoices due through the last calendar day of the prior month, based on the number of days from invoice date stated in our agreed payment terms (Example – Net 30 and Net 45 Day Terms).

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<th>Payment Terms</th>
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<tbody>
<tr>
<td>Net 45</td>
<td>3/1/13</td>
<td>4/15/13</td>
<td>5/3/13</td>
</tr>
</tbody>
</table>

13.2 Accounts Payable Help Desk
HYG expects suppliers to direct all questions related to invoice issues including scheduled payment dates and past due invoices to the respective Accounts Payable Help Desk for each division to which you supplied the parts.

13.2.1 Americas Division
- Email: accountspayable@hyster-yale.com
- Phone: 252-931-5639
13.2.2 European Division

- Email: purchases-europe@hyster-yale.com
- Phone: 44-(0)1294 317312
- Fax: 44-(0)1294-800808
- For specific EPO questions, use this email: eifssepo@hyster-yale.com

All inquiries to HYG’s Accounts Payable Help Desk should always reference the invoice number(s) for which you have a specific question. Not providing specific invoice number(s) will cause delays in receiving answers to your questions.

14 ENGINEERING AND DESIGN

This section represents HYG expectations in the area of product development. HYG is committed to innovation through technology improvements and continuously improving manufacturing capabilities and processes. HYG innovation plans require increased support and technical capabilities from its suppliers.

14.1 Supplier Capabilities

HYG expects its suppliers to dedicate the appropriate resources to support the design and development processes. Suppliers should be capable of conducting or participating in:

- Design Failure Mode & Effects Analysis (DFMEA)
- Process Failure Mode & Effects Analysis (PFMEA)
- Design Verification Plan & Report (DVP&R)
- Geometric Dimensioning & Tolerancing (GD&T)
- Design for Manufacturability and Design for Assembly (DFM and DFA)
- Measurement System Analysis (MSA) and/or Gage Repeatability & Reproducibility
- Identification of key characteristics based on product function, design intent and other factors such as product safety requirements, government regulation or other requirements
- Project management capabilities to support new system/component development that ensures scheduled milestones are met and all deliverables are completed with high quality
- Regular periodic status updates for all ongoing projects

14.2 Design and Development Capabilities

HYG expects suppliers to dedicate technical and personnel resources required to support all phases of product design and development. Suppliers are also expected to support products throughout their production life cycle.

Suppliers are expected to participate in detailed design reviews prior to production release of HYG drawing to ensure specification is within supplier’s capability to deliver per HYG’s requirements.
Suppliers shall design and manufacture their products in accordance with HYG requirements and communicate progress periodically as requested.

14.3 Cost Control and Visibility for Product Development
Suppliers are expected to assist HYG in controlling “cost creep” during the development process. HYGRFQ documents are to be completed fully and cooperatively by suppliers following HYG’s instructions. Re-quotes for design changes are to be supported by suppliers using the HYG variance quotation process and required supporting forms in order to accurately capture and report all relevant cost information to the change.

14.4 Computer Aided Design and Engineering Resources
Suppliers are expected to have modern product development capabilities including Computer Aided Design (CAD/CAE), experienced personnel and appropriate facilities to perform design and engineering analysis. For collaborative engineering activities HYG prefers CAD data provided in the following formats:

- Pro/Engineer (preferred by HYG)
- PARASOLID
- STEP
- IGES or DFX
- FTP site capability to facilitate transfer of files

14.5 Intellectual Property (IP)
In the normal course of product development activities, suppliers may need to have access to HYG intellectual property (IP). HYGIP includes without limitation its patents, copyrights, trademarks, business processes, systems, manufacturing processes, strategic plans and trade secrets. Suppliers are expected to handle such property in strict accordance to HYG confidentiality guidelines. Suppliers are expected to have Non-Disclosure Agreements (NDA) in place with HYG prior to being allowed access to IP. Unless otherwise agreed in writing, any new technology developed from any of the processes listed in this section will be owned by HYG.

14.6 System Innovation (SI) Process
HYG conducts System Innovation (SI) projects in advance of all Model Year Change projects to explore advance component development. HYG expects suppliers to fully support SI projects prior to Model Year projects. SI consists of four phases similar to the first four phases found in the Model Year Change process that immediately follows this section:

- Planning - No involvement from suppliers is necessary
- Requirements - Suppliers receive concept components and system validation requirements from HYG
- Design/Verification - Suppliers provide all the supporting documentation to demonstrate that requirements can be met for their affected concept components and systems
• Validation – Supplier may be asked to conduct certain aspects of the concept validation or to participate in validation activities at a HYG facility to prove out concepts

At the end of the SI process, HYG expects suppliers to have fully developed the specified component and/or technology for implementation during the next scheduled Model Year project.

14.7 Model Year Change Process
New product introductions are programmed following a model year cadence that focuses on bundling changes for HYG product lines into a single launch by model, by year. These changes may include product enhancements, re-design based on warranty related issues, cost reductions, etc. The process to introduce new products through the model year cadence consists of the following six phases:

• Scope - No involvement from suppliers is necessary
• Requirements - Suppliers receive components and system validation requirements from HYG
• Verification - Suppliers provide all the supporting documentation to demonstrate that requirements can be met for their affected components and systems
• Validation - Supplier may be asked to conduct certain aspects of the validation or to participate in validation activities at a HYG facility
• Pre-Production - Suppliers work with the appropriate personnel (i.e. SQE and Procurement) to ensure that all of their parts are approved for production in time for the new product launch
• Production - Suppliers are ready to support production at forecasted rate as well as any aftermarket requirements

Suppliers are expected to support each of these phases if the scope of design is within their supported product lines.

14.7.1 Product Launch Readiness
For HYG’s Validation Build step, suppliers are expected to provide a limited quantity of parts (quantity to be specified by HYG) from permanent tooling and fulfilled through supplier’s standard processes. Further, this same expectation applies to supporting HYG’s production step. Any variation in this expectation is to be communicated in writing at least 60 days in advance to your Procurement or Development Procurement Representative.

15 LOGISTICS
All suppliers are expected to use HYG’s specific routing instructions for all shipments made to any of our locations. Please read these routing instructions before shipping product to HYG. Failure to adhere to these instructions may result in charge backs, debit memos, or other financial penalties. These requirements are structured to provide for supply chain efficiencies that support our needs and those of our customers. We view strict adherence to these instructions as essential for our mutual success.
15.1 Suppliers Shipping to HYG’s North American Locations

15.1.1 Inbound Freight Routing Instructions—Shipping From NAFTA Region Locations
For HYG’s routing instructions for all shipments originating in United States, Canada and Mexico, click here and select “Inbound Freight Routing Instructions”
https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/

15.1.2 Inbound Freight Routing Instructions—Shipping From International Locations
Inbound freight routing instructions for shipments originating from all countries outside of the North American Free Trade Agreement (NAFTA) region vary depending on the country or countries from which supplier may ship our products. For that reason, there are no published routing instructions on HYG’s website. HYG expects suppliers to contact HYG’s Logistics Team or send an email to logisticsamericas@hyster-yale.com to get specific routing instructions based on the country of origin for your products.

15.2 Suppliers Shipping to HYG’s European Locations

15.2.1 Inbound Freight Routing Instructions
For “Ex Works” supply from Europe, either HYG’s Planning Representative or our third-party logistics provider’s Order Desk will contact the supplier to confirm that parts shipment is ready for collection at supplier’s location. Routing instructions will be provided to the supplier at that time.

For shipments from North America, suppliers are expected to contact Reilley International to coordinate routing instructions. If needed, suppliers can ask HYG’s Planning Representative for Reilley International’s contact information.

For shipments from other regions of the world, suppliers are expected to contact your HYG Planning Representative to request routing instructions.

16 LABELING, DOCUMENTATION AND PACKAGING
The following section outlines HYG’s expectations in regards to labeling and documentation for products shipped to HYG locations.

16.1 Labeling—Bar Code Labels
HYG expects suppliers to use bar coding labels on all shipments to all locations. Bar code labels are expected to follow the guidelines listed below:

- 14K prefix requires the bar code to be formatted as 14KPO+LineItem
- The data identifier to be used for shipment quantity is Q
- The P prefix requires the bar code to be formatted as PPARTNUMBER
- Bar code shall be of the 3-of-9 (Code 39) type and shall conform to standard Code 39 symbology; all bar code data fields shall use Code 39, which has been adopted as HYG’s preferred bar code symbology
The data character set shall contain 43 characters: 0 to 9, A to Z, - , ., /, +, %, $, and space; see specific bar code prefixes for limitations

For more information regarding HYG’s bar code expectations, contact your Material Planning Representative. Click here and select “Supplier Barcode Requirements” for more information.

https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/

16.2 Labeling—Packing Labels

HYG expects suppliers to use packing labels that have the following minimum information included on them:

- Supplier Name and Address
- HYG Location Name and Address
- PO Number
- PO Line Item
- Part Number
- Quantity Shipped By Line Item
- Bar Code Label

Each individual package, carton, pallet, bin, bundle, etc. shipped to HYG is expected to have its own packing label. Also, supplier is expected to follow the Automotive Industry Action Group (AIAG) standards. Click here for link to AIAG. www.aiag.org (Note - shipping labels will fall under AIAG B-10 Trading Partner Label Guideline)

For more information regarding HYG’s labeling and packing label expectations, contact your Planning Representative.

16.3 Documentation—Packing Slips/Bill of Lading

HYG expects all shipments to have the following documentation completed fully and accurately:

- Packing Slip(s)
- Bill Of Lading (BOL)

HYG expects documentation to be attached to each shipment in a manner that is easily located when shipments are received. Fully completed documentation enables HYG materials personnel to receive shipments quickly and accurately.

Packing slips and BOLs should have the following minimum information completed:

- Supplier Name and Address
- HYG Location Name and Address
- PO Number
- PO Line Item
- Part Number
- Quantity Shipped By Line Item

Matching quantities, skid numbers, purchase orders, and line items must be correctly listed on packing slips and bill of lading paperwork. If supplier’s system constraints prevent completing all required
information for your paperwork, then supplier’s CSR must contact your Planning Representative to discuss and resolve prior to shipping.

16.4 Packaging—Expendable
HYG expects suppliers to use expendable packaging that is of sufficient design and strength to maintain full functionality through the entire supply chain at the minimum total cost for materials, freight, labor, etc. Contact your Planning Representative if there are questions about expendable packaging used for HYG.

Suppliers must meet the packaging requirements found in the Supplier Packaging Guideline on https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/.

16.5 Packaging—Returnable
HYG expects suppliers to recommend returnable packaging when it provides a total cost advantage. HYG promotes supplier owned/maintained returnable packaging. Suppliers are also expected to cooperate with HYG to fully utilize returnable packaging where implemented. Contact your Planning Representative if there are questions about expendable packaging used for HYG.

Suppliers must meet the packaging requirements found in the Supplier Packaging Guideline on https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/.

17 RECEIVING—HYGLOCATIONS
In most cases, suppliers following HYG’s Inbound Freight Routing Instructions to ship product will have only minor, indirect contact with our receiving locations. Our third-party logistics (3PL) firm will be responsible for arranging delivery to the HYG plants. HYG expects all suppliers to coordinate shipments with your Planning Representative for announced shutdowns to ensure smooth operations during and after plant shutdowns. See Logistics section (15) for more information related to shipping and transportation expectations.

17.1 Receiving Location Hours
Each of HYG’s facilities has defined receiving hours which vary between locations and are subject to change. In most cases, suppliers will tender their shipments to our 3PL and will not be concerned with receiving hours at our locations. In cases where suppliers arrange to use their own trucks to deliver shipments or control the carriage of the freight, suppliers will need to schedule their delivery times based on appointment availability at each location. Suppliers can contact your Planning Representative to get more information for delivery arrangements.

17.2 Shipping Paperwork Expectations
HYG expects all suppliers to provide the required paperwork outlined in Labeling, Documentation and Packaging section (16) to facilitate prompt and accurate receiving of product shipped by supplier to each of our locations. Contact your HYG Planner should you have any other questions about our shipping paperwork expectations.
18  CUSTOMS COMPLIANCE

Customs compliance requirements vary depending on the country into which product is being exported to HYG locations. Instructions to meet customs compliance requirements are provided below by HYG receiving location and HYG expects suppliers to follow these guidelines to ensure product moves through customs in a timely manner and without additional costs.

18.1  Suppliers Exporting to U.S. Locations

HYG expects suppliers shipping from outside the United States to HYG locations in the U.S. to fully comply with all customs compliance instructions to help ensure that products entering the U.S. experience no delays related to United States Customs. Instructions are provided below that will help HYG minimize transit times between your location and HYG’s intended location.

18.1.1  Customs-Trade Partnership Against Terrorism (C-TPAT)

HYG entered into the Customs-Trade Partnership Against Terrorism (C-TPAT) program in October 2004 and became a validated Tier II partner with U.S. Customs and Border Protection (CBP) on October 12, 2007. C-TPAT is a CBP initiative that works in partnership with the trade community to secure the global supply chain. As part of the agreement with CBP, where HYG does not control a facility, conveyance or process, HYG must make every reasonable effort to secure compliance by the responsible party, and for this reason HYG expects suppliers to complete the Security Profile Questionnaire within 30 days of receipt.

This security assessment, which is a web-based application, will enable HYG to develop and implement a sound plan to enhance security procedures throughout its global supply chain. Depending on a supplier’s size and structure, some questions may not be relevant and HYG asks that suppliers only answer the sections that are applicable.

In addition to the online questionnaire, there may also be a physical verification of the site’s security. This will be conducted by a HYG representative or trade partner in order to verify that physical security criteria are being met for C-TPAT.

By adding your electronic signature to the security questionnaire, you agree to meet the minimum security requirements criteria outlined in the document. Suppliers that do not meet these CBP requirements may create unnecessary delays in the importation of product. Non-compliance to these and other CBP requirements may jeopardize current and/or future business with HYG. Please direct all inquiries to customscompliance@hyster-yale.com.

18.1.2  Country of Origin (COO) Part Identification

As a general rule, every article of foreign origin entering the United States must be legibly and permanently marked with the English name of the country of origin unless an exception from marking is provided for in the law. The COO marking should be as permanent and indelible as the nature of the product will permit. The marking must be conspicuous and the best method of marking is one which becomes a part of the article itself, such as stenciling, stamping, printing, molding or similar methods.
Articles that are not marked with the English name of their COO at the time of importation into the U.S. are subject to an additional 10% marking duty unless properly marked, exported or destroyed under CBP supervision prior to liquidation of the entry. CBP may demand redelivery of the items not properly marked. If the redelivery demand is not complied with, CBP can assess Liquidated Damages up to 3 times the value of the shipment – all for failure to properly mark imported goods. Click here for more information.

https://www.cbp.gov/trade/nafta/nafta-certificate-origin

**18.1.3 Invoice Requirements**

This section lists compliance requirements necessary to support HYG and CBP’s initiatives for commercial invoices. All of the following information is expected to be fully compliant:

- Date of the invoice
- Name and address of the seller, or shipper if not a purchase transaction
- Name and address of the purchaser or consignee
- A detailed description of the merchandise, which includes:
  - The common or commercial name of the merchandise
  - The grade or quality
  - The marks, numbers, or symbols under which each item is sold and packaged by the seller or manufacturer in the country of exportation, i.e. country of origin, serial number, number of packages in which merchandise is packed
- Quantities being imported in appropriate weights
- Purchase price of each item
- Currency of the transaction
- All relevant charges, i.e. freight and insurance, to bring the merchandise from alongside the carrier at the port of export to alongside the carrier at the first U.S. port of entry
- All relevant discounts
- Country of origin of each item
- Terms of sale as defined by Incoterms® 2010
- Entire invoice must be in English, or translated into English
- Goods or services furnished for production of merchandise not included in the invoice price, i.e. assists
- Name and signature of a responsible individual who can readily obtain knowledge of the transaction
- HYGPO number and part number

**18.1.4 Importer Security Filing (ISF) Filings**

Effective January 26, 2009, U.S. CBP implemented new security regulations on importers. This new rule, Importer Security Filing (ISF), requires importers to provide CBP with additional advance data elements for all ocean vessel shipments inbound to the U.S. With these filing requirements, importers and their supply chain partners have additional data gathering and reporting responsibilities. These
filings are required to take place not less than 24 hours prior to cargo loading on a vessel. In order for HYG’s broker to meet this required filing deadline, HYG expects the required information at least 72 hours prior to vessel loading. All of the information needed should be found on the supplier’s commercial invoice (see section 18.1.3). If a supplier ships full container loads direct from its location, HYG requests that supplier send commercial invoices, packing lists and booking confirmations from the steamship line to both of the following email addresses, HYGdouments@livingstonintl.com and logisticsamericas@hyster-yale.com, at least 72 hours prior to vessel loading. Suppliers should use the following subject line for the email; ISF: Bill of lading number and or booking number, name of the vessel, the estimated date of sailing and invoice number.

For shipments that are picked up at the supplier’s location by HYG’s logistics partners, suppliers will provide HYG with the required documents. The supplier’s responsibility is to provide the logistics services provider with the commercial invoices in the format outlined in this document and packing list when shipments are picked up.

CBP will issue penalties and not allow the steamship lines to load containers on board vessels that have not filed the ISF. HYG cannot file the ISF without the information outlined in this section. HYG reserves the right to debit back any supplier that causes HYG to receive penalties from CBP due to neglecting the instructions in this document.

18.1.5 North American Free Trade Act (NAFTA)

Designated suppliers should complete the NAFTA COO (reference CBP Form 434) for the current year. The NAFTA COO must contain the part number(s) and description(s) of the goods supplied to HYG, the six-digit harmonized tariff code and the country of origin, as well as the preference criterion, producer indicator, and net cost indicator, if applicable. Suppliers may use their own form if desired. U.S. CBP and Mexican Customs require this information to be updated annually. The NAFTA COOs are kept on file by HYG for a minimum of five years.

HYG manufactures various products at its facilities in Mexico using materials from North American suppliers. In order for HYG to avoid paying duty to Mexico upon importation, HYG must have the NAFTA COO on file from the supplier prior to crossing the materials. If the materials supplied to HYG do not qualify for NAFTA, HYG must have a non-NAFTA COO on file. HYG must have proof of origin on file for all materials shipped across the border to comply with trade regulations.

Signed and completed original forms should be mailed to:
HYG manufactures various products at its facilities in Mexico using materials from North American suppliers. In order for HYG to avoid paying duty to Mexico upon importation, HYG must have the NAFTA COO on file from the supplier prior to crossing the materials. If the materials supplied to HYG do not qualify for NAFTA, HYG must have a non-NAFTA COO on file. HYG must have proof of origin on file for all materials shipped across the border to comply with trade regulations.

Signed and completed original forms should be mailed to:
Hyster-Yale Group
Attn.: Customs Compliance
1400 Sullivan Drive
Greenville, NC 27834

Questions regarding proper completion of these forms may be emailed to customscompliance@hyster-yale.com.
18.2 Suppliers Exporting to Mexico

HYG Mexico expects suppliers shipping from outside Mexico to fully comply with all customs compliance instructions to help ensure that products entering Mexico experience no delays related to customs. Instructions are provided below that will help HYG Mexico minimize transit times between your location and HYG Mexico.

18.2.1 Country of Origin

All suppliers who provide qualifying parts from countries who have a bilateral agreement with Mexico are expected to send a certificate of origin and it can be used for each shipment or on an annual basis. This COO must forward to ammcasau@hyster-yale.com and amlrodri@hyster-yale.com.

18.2.2 Invoice Requirements

This section lists compliance requirements necessary to support HYG Mexico and Mexican Customs initiatives for commercial invoices. All of the following information is required to be fully compliant:

- Date of the invoice
- Name and address of the seller
- Name and address of the purchaser or consignee
- HYG Purchase Order Number
- HYG Part Number
- Tax Id of the seller
- Quantity
- Weight kilos and pounds
- Purchase price of each item
- Country of origin of each item
- Currency of the transaction
- Local Customs Tariff Code
- All relevant discounts
- Terms of sale as defined by Incoterms® 2010 e.g. EXW, CPT etc.
- If commercial invoice is not in English, an English translation must be provided
- Name and contact details of individual who can provide additional detail if needed
- VAT ID of supplier if applicable
- VAT rate and amount if applicable and local rate equivalent of VAT if invoice not in local currency

18.2.3 North American Free Trade Act (NAFTA)

Designated suppliers should complete the NAFTA COO (reference CBP Form 434) for the current year. The NAFTA COO must contain the part number(s) and description(s) of the goods supplied to HYG Mexico, the six-digit harmonized tariff code and the country of origin, as well as the preference criterion, producer indicator, and net cost indicator, if applicable. Suppliers may use their own form if desired. U.S. CBP and Mexican Customs require this information to be updated annually. The NAFTA COO’s are kept on file by HYG Mexico for a minimum of five years.
HYG manufactures various products at its facilities in Mexico using materials from North American suppliers. In order for HYG to avoid paying duty to Mexico upon importation, HYG must have the NAFTA COO on file from the supplier prior to crossing the materials. If the materials supplied to HYG do not qualify for NAFTA, HYG must have a non-NAFTA COO on file. HYG must have proof of origin on file for all materials shipped across the border to comply with trade regulations.

Signed and completed original forms should be mailed to:
HYG Mexico
Attn: Mauricio Casaubon / Alejandro Rodriguez
Industria Automotriz #3090
Parque Industrial Saltillo- Ramos Arizpe
Ramos Arizpe, Coahuila 25900, Mexico
Questions regarding proper completion of these forms may be emailed to ammcasau@hyster-yale.com and amlrodri@hyster-yale.com.

18.3 Suppliers Exporting to European Locations
HYG expects suppliers shipping to HYG locations in Europe to fully comply with all customs compliance instructions to help ensure that products exported to our various European locations experience no delays related to Customs. Expectations are provided below that will help HYG minimize transit times between your location and HYG’s intended location.

18.3.1 Country of Origin
All suppliers are expected to send an email to imports@hyster-yale.com containing a list of supplied HYG part numbers and their relevant country of origin by December 31 each year for the following year. Where a part has more than one country of origin or is subject to regular change, please indicate this in the file.

All European suppliers who have European Union (EU) origin goods are expected to provide an annual supplier’s declaration confirming the origin of their goods by December 31 for the following year. Any changes to origins indicated in a supplier’s declaration should be advised to imports@hyster-yale.com at the earliest opportunity. This is required for EUR1 (Movement Certificate for preferential origin) purposes. Further information can be found by contacting your country’s customs office; alternatively, contact imports@hyster-yale.com with any queries or if you would like an example document.

18.3.2 Certificate of Origin
All suppliers providing qualifying parts from countries with a bilateral agreement with the EU are expected to raise a “Form A” (certificate of origin) for each shipment and send an email to imports@hyster-yale.com.

18.3.3 Invoice Requirements
Supplier invoices raised for the purpose of customs clearance are expected to show all of the following as a minimum requirement:
• Date of the invoice
• Name and address of the seller
• Name and address of the purchaser or consignee
• HYG Purchase Order Number
• HYG Part Number
• Serial Number of non-EU sourced parts if applicable and if not provided in separate file (see comments below)
• Quantity
• Weight (can be included in packing list instead if provided)
• Purchase price of each item
• Country of origin of each item
• Currency of the transaction
• Local Customs Tariff Code
• All relevant charges, i.e. freight and insurance relevant to the Incoterm
• All relevant discounts
• Terms of sale as defined by Incoterms® 2010 e.g. EXW, CPT etc.
• If commercial invoice is not in English, an English translation must be provided
• Name and contact details of individual who can provide additional detail if needed
• VAT ID of supplier if applicable
• VAT rate and amount if applicable and local rate equivalent of VAT if invoice not in local currency

18.3.4 Separate Invoices Provided For Customs and Payment Purposes
All suppliers are expected, in the event that they issue a separate invoice for customs and payment purposes, that they provide correlation between the invoices. A regular file sent to imports@hyster-yale.com would be acceptable. For example, invoice A is issued for customs clearance of 100 parts; but, for payments purposes, we are provided with invoices 1 through 10 for 10 parts each. The file should match invoice A against each of invoices 1 through 10.

18.3.5 Serial Numbers
If goods are provided from outside the EU and have serial numbers, suppliers are expected to provide a monthly file to imports@hyster-yale.com of all serial numbers sent against each customs invoice. If easier, this information can be provided at the time of shipment.

18.3.6 European Union (EU) Authorised Economic Operator (AEO) Status
For any EU suppliers with Authorised Economic Operator (AEO) status, suppliers are expected to confirm your AEO number to imports@hyster-yale.com.
19 SUPPLIER ELECTRONIC DATA COMMUNICATION

19.1 Trading Partner Agreement (TPA)
Suppliers are expected to have a signed Trading Partnership Agreement (TPA) in place as a prerequisite for doing business with HYG through our SRM system. HYG’s TPA sets the guidelines for suppliers to do business electronically with us. TPAs are normally completed as part of the new supplier set up process. For those suppliers already doing business with HYG, the signed TPA should already be completed and in our files.

19.2 Third-Party Provider, E-Commerce Activity
Liaison Technologies (formerly HubSpan) is HYG’s third-party provider for all e-commerce activity conducted through SRM between HYG’s manufacturing facilities and our suppliers. HYG expects suppliers to work with and cooperate fully with our e-commerce third-party provider.

19.3 Liaison Technologies Support
For help with any issues related to your web portal administered by third-party provider, contact Liaison Technologies’ Support Team at either of the following:

- Email: support.hubspan@liaison.com
- Phone: 206-838-5430

19.4 Supplier SRM Communication Methods
HYG currently has five methods of communicating through SRM that can be set up with suppliers. The current methods are listed below. Depending on the supplier’s capabilities and our needs, HYG will determine the communication method that will be set up.

- Machine To Machine (M2M) or EDI
- Agent (supplying to Americas VMI only)
- Hybrid
- Web
- Email – Not recommended for regular OEM suppliers; OEM suppliers currently using email are encouraged to transition to one of the first four methods listed above

See section 11.1.2 for more information about Supplier SRM Communication Methods.

19.4.1 E-Commerce Registration Process
Contact your Procurement Representative for complete instructions related to HYG’s new supplier e-commerce registration process or if you desire to change your SRM communication method. Your Procurement Representative can provide you with direction and the forms required to complete either of these tasks.
20 ISO 9001

HYG is certified to ISO-9001 and applicable Customer Specific Requirements as they apply to automotive production and relevant service part organizations. The HYG Quality Certification Requirement for all approved production supplier manufacturing locations is third-party certification to TS 16949 or ISO 9001.

IMPORTANT NOTE: Registration to ISO 9001 is only acceptable for those production suppliers that do not meet the applicability requirements of TS 16949 as described below or as an interim step to achieving TS 16949 certification. Production Suppliers that are not third-party certified to these standards shall be required to submit self-audits to HYG Supplier Management upon request. If performance warrants, physical on-site review will be conducted.

Suppliers are expected to submit renewed certificates for each manufacturing location at the time of renewal. Information on all certificates must match the name and address of record of the supplier’s manufacturing location.

21 ENVIRONMENTAL

At HYG, we hold ourselves accountable at every level. From our headquarters to individual HYG facilities, our corporate ethics help define who we are. HYG recognizes a responsibility not only to our customers, dealers and employees, but to the environment and the communities in which we live. We meet our corporate responsibility head-on with some of the industry’s most proactive programs, addressing everything from the health and safety of our employees to environmental sustainability.

To learn more about our philosophy, initiatives and achievements in the area of corporate responsibility, or our environmental sustainability efforts, we encourage you to download a copy of our “Corporate Responsibility Report” by clicking here:
http://www.hyster-yale.com/About/corporate-responsibility/

HYG expects suppliers to work proactively with us to reduce the environmental footprint of HYG’s products and comply with the environmental requirements of our customers and those countries in which HYG operates. Additionally, all HYG suppliers must have an effective environmental management program in place represented by one of the following:

- Either a third-party registration to the International Environmental Management Standard ISO 14001:2004
- A Responsible Care Management System

Suppliers are expected to submit copies of all certificates and renewals to your Procurement Representative. For more information about HYG’s environmental responsibility, click here.
http://www.hyster-yale.com/About/corporate-responsibility/
22 GENERAL INFORMATION

22.1 Precedence of Documents
HYG makes every effort to ensure that all documents issued to its suppliers are consistent and may be read as an integrated whole. Nevertheless conflicts between documents may occur. As a general rule, in the event of conflict, the document which provides more specific detail regarding an applicable issue will take precedence over a document which is more general with regard to the applicable issue. Suppliers who have questions about the precedence of documents should always contact your Planning or Procurement Representative for clarification.

22.2 Expectation Changes by HYG and Current Documents
The expectations communicated in this manual are subject to change at HYG’s discretion and will be communicated to suppliers when significant changes occur. Changes in this manual will be written under the direction of the HYG’s Global Supply Chain Team and will be maintained in an electronic format. The most current version may be obtained from your Global Supply Chain Representative or can be found on the HYG web site located at www.hyster-yale.com.

22.3 Exceptions
HYG recognizes that there are instances where a particular situation may dictate different or additional terms. In those situations, HYG may waive conformance with the expectations described in this manual. Any such waiver of provision contained in this manual must be in writing and signed by the appropriate member of HYG’s Global Supply Chain Team.

22.4 Revision
This manual will be routinely reviewed and, if needed, revised under the direction of HYG’s Global Supply Chain Team. Suppliers will be notified of revisions or expectation changes as necessary, and will be required to ensure hard copies are updated and obsolete documents are promptly removed from all points of issue or otherwise secured from unintended use.

22.5 Contact Information for Questions
For questions related to this manual that cannot be answered by your local Global Supply Chain Representative, please email americasprocurement@hyster-yale.com with your question and any related details including referencing “SEM Question” in the email subject line. The appropriate person at HYG will contact you to answer your question or gather more information about your concerns to provide an answer.

22.6 Confidentiality Statement
This document contains confidential information that is the property of Hyster-Yale Group. By accepting this information, supplier agrees that it will not be used for any purpose other than that for which it is provided.
23 APPENDIX

23.1 Glossary of Acronyms

A
- ACR – Annual Cost Review or Annual Comprehensive Review
- AEO – Authorised Economic Operator
- APQP – Advanced Product Quality Planning
- APR – Annual Performance Review
- ASE – Annual Supplier Expectations
- ASN – Advance Shipping Notice

B

C
- CAD – Computer Aided Design
- CBP – Customs Border Protection (US)
- CE – Conformité Européenne
- COPQ – Cost of Poor Quality
- COO – Country of Origin
- Cpk – Process capability index (the ability of a process to produce output within specification limits)
- CSR – Customer Service Representative
- C-TPAT – Customs-Trade Partnership Against Terrorism (US)
- CTQ – Critical To Quality

D
- DCN – Document Control Number
- DFA – Design For Assembly
- DFM – Design For Manufacturability
- DFMEA – Design Failure Mode & Effects Analysis
- DMAIC – Define, Measure, Analyze, Improve and Control
- dPPM – Defective Parts Per Million
- DPM – Defects Per Million
- DVP&R – Design Verification Plan & Report

E
- E&O – Excess & Obsolescence
- EAR – Estimated Annual Requirements
- ECN – Engineering Change Notification
- EDI – Electronic Data Interchange
- EPO – European Parts Operation (located in Nijmegen, The Netherlands)
• ETF – Error Tracking Form
• EU – European Union

F

G
• GD&T – Geometric Dimensioning & Tolerancing

H
• HQMS – Harrington Quality Management System

I
• ICAM – Interactive Corrective Action Management
• ISF – Importer Security Filing
• IMA – Inventory Management Agreement
• IP – Intellectual Property

J

K

L
• LTA – Lead Time Agreement

M
• M2M – Machine To Machine
• MSA – Master Supply Agreement or Measurement Systems Analysis

N
• NACCO – North American Coal Company
• NAFTA – North American Free Trade Act
• NDA – Non Disclosure Agreement
• HYG– Hyster-Yale Group

O

P
• PA – Part Approval
• PAP – Product Availability Plan (Planned production for 12-18 months)
• PCR – Process Change Request
• PDC – Parts Distribution Center (located in Danville, IL)
• PFMEA – Process Failure Mode & Effects Analysis
- PPAP – Product Part Approval Process
- PPM – Parts Per Million
- PO – Purchase Order
- POR – Purchase Order Response

Q

R
- RFQ – Request For Quote

S
- SAS – Supplier Annual Scorecard
- SCAR – Supplier Corrective Action Request
- SEM – Supplier Expectations Manual
- SI – Systems Innovation
- SMS – Supplier Monthly Scorecard
- SPED – Special Products Engineering Department
- SPM – Supplier Performance Management
- SQE – Supplier Quality Engineer
- SQM – Supplier Quality Manual
- SRM – Supplier Relationship Management

T
- TLT – Total Lead Time
- TPA – Trading Partner Agreement
- TRT – Total Replenishment Time

U
- UL – Underwriters Laboratories

V
- VASP – Vendor Assembly Service Parts
- VAT – Value Added Tax

W

X

Y

Z