

# Supplier Expectations Manual Global

---

## Hyster-Yale Group

---

Revision 9

---

This is a controlled document with the electronic read-only domain, accessed from the HYG Master Index. Any person in possession of a printed copy of this parent document, or cited appendices, has an uncontrolled copy and should refer to the Master Index or approved web site for revision level status.

---

©Hyster-Yale Group. All rights reserved.

## Contents

INTRODUCTION AND SUPPLIER MANUAL ACKNOWLEDGEMENT PROCESS .....	8
COMPANY BACKGROUND .....	10
PROCUREMENT ORGANIZATION STRUCTURE .....	11
ANNUAL SUPPLIER ACKNOWLEDGEMENTS.....	11
Supplier Quality Manual (SQM) – Supplier Acknowledgement Required .....	13
Cyber Security and Practices Agreement .....	14
Force Labor/UK Anti-Slavery Act .....	14
Code of Conduct for Business Partners .....	14
Annual Business Targets .....	15
SUPPLIER REQUIREMENTS .....	15
REQUIRED DOCUMENTS: .....	15
Master Supply Agreement (MSA) .....	15
REQUIRED PROCESSES: .....	15
Quality at HYG .....	15
Warranty .....	15
OTHER KEY REQUIREMENTS: .....	16
On-Time Shipments .....	16
Supplier’s Total Lead Time .....	16
Cost Control, Transparency and Cost Reductions .....	16
Aftermarket Program Support .....	17
Continuous Improvement.....	17
STE/SPED (Rapid Development of Customer Customization) .....	17
CENTER OF GRAVITY, SUPPLIER RATINGS AND GENERAL SUPPLIER INFORMATION .....	18
What is a Center of Gravity Supplier?.....	18
Center of Gravity Supplier Status—Requirements and Benefits.....	18
SUPPLIER AWARDS PROGRAM .....	21
Quality Award .....	21
Continuous Improvement Award .....	21
Above and Beyond Award .....	21
Supplier of the Year Award .....	21

Aftermarket Award ..... 22

SUPPLIER PERFORMANCE SCORECARDS ..... 22

    Aftermarket Performance Scorecard..... 23

ANNUAL SUPPLIER MANAGEMENT PROCESS..... 23

    Supplier Activities by Quarter ..... 23

OTHER SUPPLIER EXPECTATIONS:..... 24

    Cost-Reduction Ideas—Generation, Submission, Vetting of cost reduction ideas ..... 24

    The Commercial Relationship ..... 24

    Down-Time Charges- Master Supply Agreement (MSA) Section 6 ..... 25

    Aftermarket Service Support ..... 25

    Total Lead Time (TLT) ..... 25

    Inventory Management Agreement (IMA) ..... 25

    Risk Mitigation and Business Continuity Planning..... 25

    Tier I & II Supplier Mitigation Plan ..... 26

    Disaster Recovery Plan..... 26

    Supplier Capacity Survey..... 26

    Request for Quote (RFQ) ..... 27

    Supplier Quotations—Expected Cost Detail ..... 27

    Tooling Located at Supplier’s Location ..... 28

        Tooling Statement Expectations ..... 28

        Obsolete Tooling ..... 29

    Engineering Change Notification (ECN) Process..... 29

    Excess & Obsolete Inventory ..... 29

    Physical Identification of Parts..... 30

    Supplier Diversity Reporting (Suppliers to U.S. Only) ..... 30

SUPPLIER TO HYG COMMUNICATIONS..... 30

    Early and Proactive Supply-Related Communications..... 31

    Process Change Request (PCR) Notification ..... 31

    Engineering Change Request (ECR) Notification ..... 31

    Part Approval Submission Documentation..... 31

    Aftermarket Truck Down Notification ..... 31

Risk Analysis—Part Requests Within Lead Time.....	31
Notification of Supplier Personnel Change.....	32
Supplier Quality Manual (SQM) .....	32
Cost of Poor Quality (COPQ) .....	32
Interactive Corrective Action Management (ICAM) .....	33
WARRANTY.....	33
Supplier Warranty Management and Charges .....	34
Supplier Warranty Reduction Program.....	34
MATERIAL PLANNING .....	34
Supplier Relationship Management (SRM) & Jaggaer Direct (JD) Overview.....	34
Third-Party Provider, E-Commerce Activity.....	35
Supplier Communication Methods.....	35
Forecasting.....	36
Planning Process .....	36
On-Time Shipments .....	36
Flexibility in Production and Shipment.....	36
Purchase Order (PO) .....	36
Purchase Order Response (POR).....	36
POR—Ship Date .....	37
POR—Ship Quantity .....	37
POR—Price .....	37
POR—Delete Item.....	37
Advanced Shipping Notice (ASN) .....	38
Open Orders Report.....	38
Move In / Move Out Request .....	38
Domestic Warehouse Report Americas Only) .....	38
Vendor Managed Inventory (VMI) Program- Inventory Management Agreement- IMA Document Required.....	39
Suppliers Shipping to Americas Locations .....	39
Suppliers Shipping to European Locations .....	39
Kanban Program (Alternative Inventory Ordering) .....	39

Sequenced Inventory Process..... 40

Supplier Feed to Point of Use ..... 41

AFTERMARKET ..... 42

    Aftermarket Terms of Supply..... 42

    Aftermarket Pricing..... 42

    Aftermarket Lead Times ..... 42

    Aftermarket Orders..... 42

    Aftermarket “Truck Down” Notification..... 43

    Aftermarket Missed Opportunity Charges ..... 43

    Aftermarket Physical Identification of Parts..... 43

    Vendor Assembly Service Parts (VASP)..... 43

    Sum of Component Parts Not To Exceed the Assembly Cost..... 43

    Aftermarket Direct Ship Programs..... 44

ACCOUNTS PAYABLE ..... 44

    Invoicing..... 44

        Electronic Invoicing..... 45

        Manual Invoicing (paper copy) ..... 45

        Payment Method ..... 46

        Americas Division Payment Terms and Timing..... 46

    Accounts Payable Help Desk..... 46

        Americas Division ..... 46

        European Division ..... 46

    Supplier Capabilities..... 47

        Design and Development Capabilities ..... 47

        Cost Control and Visibility for Product Development..... 47

        Computer Aided Design and Engineering Resources ..... 47

        Intellectual Property (IP)..... 48

        System Innovation (SI) Process..... 48

    Suppliers Shipping to HYG’s North American Locations..... 49

        Inbound Freight Routing Instructions—Shipping From USMCA Region Locations ..... 49

        Inbound Freight Routing Instructions—Shipping From International Locations ..... 49

Suppliers Shipping to HYG’s European Locations .....	49
Inbound Freight Routing Instructions .....	49
Aftermarket EMEA Routing Instructions .....	49
Labeling—Bar Code Labels.....	49
Labeling—Packing Labels .....	50
Documentation—Packing Slips/Bill of Lading.....	50
Packaging—Expendable.....	51
Packaging—Returnable.....	51
Receiving Location Hours.....	52
Shipping Paperwork Expectations .....	52
Suppliers Exporting to U.S. Locations .....	52
Customs-Trade Partnership Against Terrorism (C-TPAT) .....	52
Country of Origin (COO) Part Identification.....	53
Invoice Requirements .....	53
Importer Security Filing (ISF).....	54
United States-Mexico-Canada Agreement (USMCA).....	55
Suppliers Exporting to Mexico .....	55
Country of Origin.....	56
Invoice Requirements .....	56
United States-Mexico-Canada Agreement (USMCA).....	56
Suppliers Exporting to European Locations .....	57
European Union (EU) Authorised Economic Operator (AEO) Status.....	57
Country of Origin.....	57
Certificate of Origin.....	58
Invoice Requirements .....	58
Separate Invoices Provided For Customs and Payment Purposes .....	59
Serial Numbers.....	59
Trading Partner Agreement (TPA) .....	59
Third-Party Provider, E-Commerce Activity.....	59
Jaggaer Direct (JD) .....	59
Jaggaer Direct Communication Methods .....	60

E-Commerce Registration Process.....	60
ISO 9001 .....	60
Precedence of Documents.....	61
Expectation Changes by HYG and Current Documents .....	61
Exceptions .....	61
Revision .....	62
Contact Information for Questions.....	62
Glossary of Acronyms .....	62

## INTRODUCTION AND SUPPLIER MANUAL ACKNOWLEDGEMENT PROCESS

Dear Supplier:

Welcome to the latest edition of Hyster Yale Group's (**HYG**) Supplier Expectations Manual (**SEM**)!

The information in this document and its contents is critical for you to understand. You will need to understand and embrace the contents of this manual and incorporate it into your everyday product supply operations to ensure that the highest possible quality is achieved for all parts and services provided. HYG views this manual as an important tool that will help you attain the highest level of performance by communicating clear expectations for doing business with HYG. It is critical that you make this resource available to all employees in your organization who may interact with HYG.

This SEM is generally available to the public at the link located [HERE](#) on HYG's Supplier Resources page. HYG expects each supplier's leadership team to review this manual in its entirety and distribute the manual to each supplier employee who is involved with providing services to HYG. Taking these actions will help to facilitate a positive relationship between HYG and your company. This SEM provides answers to many of the questions HYG routinely receives from our supply base as well as guidance for the most common interactions that may occur during routine business exchanges. You will also find information in the manual regarding Center of Gravity supplier status and what this means for the relationship between HYG and our suppliers. Center of Gravity is a preferred supplier status, and suppliers with that status have access to enhanced information, special performance metrics and strategy and relationship details. Center of Gravity status is reserved for HYG's closest supplier partners and creates a basis for collaboration and strategic alignment. For more information about HYG's Center of Gravity Supplier program, please contact your HYG Supply Chain Professional.

Below is an overview of the SEM structure:

- Introduction and Acknowledgement
- Table of Contents
- Overview of Annual Supplier Management Process
- Detailed Expectations by Function

HYG expects each supplier to complete an Annual Supplier Acknowledgement (**ASA**) stating that it has received and is aware of multiple critical policies and practices that HYG refreshes on an annual basis. This ASA will be distributed during Q1 of each year and will require you to review and acknowledge each document referenced therein. Please note that an authorized person at the appropriate level within your organization must sign and complete the ASA.



HYG will follow up on ASAs to ensure that all suppliers complete the process in a timely manner. If questions remain after reviewing the list of documents to be acknowledged in the ASA, please contact your Supply Chain Representative for clarification. Please refer to the glossary in the back of this manual for more information regarding HYG's use of acronyms when reviewing these documents.

Finally, throughout the SEM, you will see references to contact your local Supply Chain Representative for more information. Please refer to the list of contacts at the end of the SEM and a guide for whom to contact about a specific topic, including any questions about the expectations outlined in the SEM.

A handwritten signature in black ink that reads "Tracy Hixson". The signature is written in a cursive style with a large, sweeping initial 'T'.

Tracy Hixson  
Vice President, Global Supply Chain

## COMPANY BACKGROUND

On September 28, 2012, Hyster-Yale Materials Handling, Inc. (NYSE: "HY") (**HYMH**) was formed as a public company following a spin-off from NACCO Industries, Inc. Hyster-Yale Materials Handling, Inc., and its subsidiaries, including its operating company **HYG**, is a leading, globally integrated, full-line lift truck manufacturer. The Company offers a broad array of solutions aimed at meeting the specific materials handling needs of its customers, including attachments and hydrogen fuel cell power products, telematics, automation, and fleet management services, as well as a variety of other power options for its lift trucks.

HYMH, headquartered in Cleveland, Ohio, through HYG, designs, engineers, manufactures, sells and services a comprehensive line of lift trucks, attachments and aftermarket parts marketed globally, primarily under the Hyster® and Yale® brand names, mainly to independent Hyster® and Yale® retail dealerships. 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.

The acquisition of Nuvera Fuel Cells in 2014 has allowed HYG to expand its power options to include an alternate energy source. Nuvera Fuel Cells is an alternative-power, clean-energy technology company focused on the design, manufacture and sale of hydrogen fuel cell stacks and engines.

HYG acquired Bolzoni S.p.A. in 2016, a leading worldwide designer, producer, and distributor of a wide range of attachments, forks, and lift tables marketed under the Bolzoni®, Auramo® and Meyer® brand names.

HYMH also, through an acquisition in 2018, owns a majority interest in Hyster-Yale Maximal Forklift (Zhejiang) Co., Ltd. (Hyster-Yale Maximal). Hyster-Yale Maximal is a Chinese manufacturer of low-intensity and standard lift trucks and specialized material handling equipment. Hyster-Yale Maximal also designs and produces specialized products in the port equipment and rough terrain forklift markets.

### Business Highlights:

- HYG is a leading global lift truck manufacturer.
- Hyster and Yale brand names have been in business for more than 90 years.
- Comprehensive global product line with over 500 different truck models available.
- Strong, independent dealer network.
- \$3.1 billion in global sales for FY2021 ending December 31, 2021.
- 12 strategically located manufacturing facilities worldwide. Lift trucks and component parts are manufactured in the United States, China, Northern Ireland, Mexico, the Netherlands, Brazil, the Philippines, Italy, Japan, and Vietnam.
- Product development centers on three continents.
- Large installed population base of lift trucks; an estimated 960,000 Hyster® and Yale® lift trucks in operation worldwide.

HYG's portfolio of materials handling equipment is among the most comprehensive in the industry. 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 Hyster-Yale Material Handling, Inc., and its subsidiaries.

<http://www.hyster-yale.com/>

## PROCUREMENT ORGANIZATION STRUCTURE

Suppliers to HYG will benefit from understanding the structure of the Procurement function at HYG. By understanding this structure, it will help to clarify the roles each group plays in supply management success. Suppliers should contact different members of the Supply Chain management team within HYG for different concerns, issues, or information. Below is a description of Procurement function roles and whom to contact regarding a specific matter.

	Category Mgmt.	New Product Intro	Commodity Mgmt.	Planning
Description	Strategic Sourcing Supplier Selection Technical Alignment with Engineering Center of Gravity Process Recommending Suppliers to certain Programs	Match Suppliers to Programs; part placement Supplier guidance through NPD timelines Gate Schedules Owners of SOP Launch dates	Manage Supplier Daily relationships PO issuing Part HVPT and intro to plant Updating of systems Price management and maintenance, cost negotiations on existing product	Manage Material flow into plant Schedules incoming shipments to meet production schedules Manage EDI process, forecast management PFEP
What does this mean for me?	New Supplier Selection and Strategy  Contact for consideration for new business, new programs, and new Supplier capabilities. Category plans strategy and Supplier relationships for the long view with HYG.	New Product Development and Launch  NPI will contact you if you are selected to participate in a new project at HYG. NPI will also manage any new product introduction timelines, schedules, cost changes, and design engagement.	Ongoing Supply Relationship Management  Commodity Management is specific to the Americas and EMEA Theaters. Contact the CM group for product supply concerns, production part management and changes, pricing negotiation on existing products, and manufacturing interface and PO management.	Getting the Part to the Right Place  Planning administers management of activities around the forecast and serving manufacturing environments. Planning schedules transportation, draws from VMIs, communicates needs to the Supply Base, and ensures materials are where they need to be when they are needed.
What should I ask?	What is my C of G Rating? Where do I sit in the strategy? How am I strategically engaged with HYG? What programs am I being considered for?	What is the schedule for my new project? How is new project cost monitored? How do I know if my product is meeting new product introduction expectations?	How do I negotiate a cost change on a current production part? How do I request a capacity review? Who do I ask about current supply and changes in schedule?	What if I need to change a ship quantity? When will a truck be at my facility to pick up products? How do I stay close to the needs of the HYG Manufacturing facilities?

## ANNUAL SUPPLIER ACKNOWLEDGEMENTS

Suppliers to HYG will be asked to acknowledge certain documents, processes, and practices annually. This is to ensure that the most up to date information supports HYG and Supplier relationships and that expectations are clear. These ASAs will be distributed annually to the Supplier representative

authorized to acknowledge the documents on the Supplier’s behalf. This ASA is a requirement for doing business with HYG and will be recorded on an annual basis.

**Annual Supplier Acknowledgments:**

Supplier Expectations Manual
SQM- Acknowledgement and Changes
UK Anti-Slavery Act
Enslaved Persons Labor Act
Corporate Compliance/Code of Conduct
Conflict Minerals (Participation in External Process)
Cyber Security (Participation in External Process)
GDPR (General Data Protection Regulation)
Annual Supplier SQE, Quality, and Savings Goals

**SUPPLIER EXPECTATIONS MANUAL- Annual Acknowledgement Required**

This SEM defines the expectations necessary to ensure a successful partnership between a Supplier and Hyster-Yale Group. HYG’s Quality Policy, which communicates a commitment to high standards, 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. The section emphasizing our suppliers’ role in accomplishing one of the critical elements in our policy is highlighted. A supplementary document, the HYG Supplier Quality Manual (**SQM**) accompanies this manual to further clarify, inform, and explain HYG’s more specific quality requirements.

=====

**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 those 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 supplied to HYG. By meeting these Supplier expectations, our Supplier partners help ensure that HYG meets or exceeds the expectations of our customers.

Suppliers are expected to fully understand the contents of this manual and disseminate the document to all key functional areas within their respective organizations. Further, HYG expects its suppliers to regularly review these expectations with their new employees as they move into any functional areas that interact with HYG.

While comprehensive, the SEM is a general document and is not intended to cover every aspect of every situation. From time to time, HYG may issue other documents and communications which may refine the details of the processes or practices by which HYG proposes to conduct business with any particular supplier for any particular program. 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, notices, and other related documentation.

Each of the processes, policies or activities outlined in this manual come together to form HYG's Annual Supplier Management Process. This Process focuses on Center of Gravity Supplier metrics and strives to create a platform for partnership and growth for HYG and its Supply Base.

The Center of Gravity Supply base, introduced by HYG in 2018, creates a strong foundation for business relationships. Center of Gravity status includes a robust MSA contract, direct access to HYG's Engineering organizations globally, and involvement in development programs for HYG's diverse platforms and products.

By incorporating metrics beyond quality performance and on-time delivery, Center of Gravity Suppliers are measured on strategic alignment, flexibility, and overall fit with HYG business. Center of Gravity Suppliers are those that have been identified as critical and core to the delivery of HYG business excellence, and not necessarily designated by component or spend level. To understand more about HYG's Center of Gravity Supply Base and how to become a Center of Gravity Supplier, please contact your local HYG Supply Chain professional.

### **Supplier Quality Manual (SQM) – Supplier Acknowledgement Required**

Suppliers are expected to adhere to HYG's SQM for all processes related to the 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. Please click here to access the SQM.

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

### **Conflict Minerals**

HYMH as a U.S. publicly traded company is required by the U.S. 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 (i) the supplier's product contains a Conflict Mineral and (ii) 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. Suppliers to HYG must agree to adhere to legal policies and laws around non-usage of Conflict Minerals. This is a U.S. government acknowledgement (iPoint) and must be registered [HERE](#).

### **Cyber Security and Practices Agreement**

Due to the increasing number of cyber-attacks on corporations globally, as well as increasing risk in the cyber security space, HYG will require suppliers with access to HYG systems to provide written certification regarding certain cyber security practices and initiatives. Due to the security implications of the Cyber Security and Practices Agreement, and potential risks associated with lack of adherence, the acknowledgement of the Cyber Security and Practices Agreement will be outside of the ASA process.

### **UK Anti-Slavery Act**

The UK provides a guideline for suppliers into their manufacturing environments that prohibits use of enslaved persons and enslaved labor in the manufacturing and provision of services and products. HYG upholds the UK Anti-Slavery Act and requires that suppliers acknowledge and agree to comply with this Act.

### **Code of Conduct for Business Partners**

HYG expects all suppliers to adhere to our Code of Conduct for Business Partners because it is important to be clear regarding expectations about how we act, what we do, and how we engage in the business that we do together. Therefore, 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 expects its suppliers to uphold these same high standards. Over and above the strictly legal aspects involved in doing business together, HYG expects its suppliers to observe high standards of business and personal ethics in the discharge of responsibilities to HYG.

### **Other Legal Compliance Requirements**

From time to time, HYG will need to update acknowledgements required from suppliers due to legislation changes where HYG or its suppliers do business. These Compliance Requirements will be distributed for acknowledgement when available or practical and may be included in the Annual Acknowledgement process.

## **Annual Business Targets**

HYG expects suppliers to meet certain targets each year pertaining to quality, delivery, performance, and cost. During Q1 of each year, suppliers will be provided with these targets, both general to the supply base and specific to Center of Gravity suppliers. These targets should reflect HYG's most current organizational objectives.

## **Other Critical Documents**

HYG may include other documents outside of the list above in the Annual Acknowledgement process. These documents may include information about the current global environment, special legal considerations, or notices. As these acknowledgment needs arise, they will be added to the outline for supplier review and acknowledgement.

## **SUPPLIER REQUIREMENTS**

As a supplier to HYG, certain processes and practices are key to success within the HYG supply chain. Additionally, certain supplier-specific documents are required to ensure that the way we do business together is risk-mitigated, transparent, and beneficial to both parties. The following section covers key documents, processes and requirements that suppliers are either expected to engage in or provide to HYG. Some of these items may be covered in greater detail in subsequent sections of the SEM.

### **REQUIRED DOCUMENTS:**

#### **Master Supply Agreement (MSA)**

HYG expects suppliers to enter into a Master Supply Agreement (**MSA**). The MSA is an agreement that outlines the contractual obligations for all aspects of the relationship between HYG and its suppliers. If you do not have a current MSA or are unsure of your MSA status, please contact your Procurement Representative. A signed and executed MSA is required to become a Center of Gravity Supplier (please see Page 17 for more information on how to become, and the benefits of being, a Center of Gravity Supplier.) To be considered for new programs and to be selected for product development initiatives, an MSA is required.

### **REQUIRED PROCESSES:**

#### **Quality at HYG**

HYG expects suppliers to strive toward our 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.

#### **Warranty**

Suppliers are expected to respond promptly to warranty claims communicated by HYG. When warranty claims are presented, suppliers must act immediately to contain the identified warranty issue, investigate root cause(s) and implement corrective actions to prevent any additional occurrences. Suppliers are also expected to work with HYG's Warranty Administration Team and to reimburse HYG for all warranty claims.

## **OTHER KEY REQUIREMENTS:**

### **On-Time Shipments**

HYG expects suppliers to work toward a 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 complete Advance Shipping Notices (**ASNs**) promptly for all shipments. All ASNs are to be completed in the Jaggaer Direct portal. Suppliers will receive specific yearly targets for on-time shipment performance.

See the Material Planning Section on Pages 34-40 for more detailed information related to our on-time shipment expectations and ASN process, and planning activities.

### **Supplier's Total Lead Time**

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. It is critical that total lead time supplied to HYG from the supplier is accurate. Where total lead time commitments cannot be met, suppliers should engage in negotiations regarding alternative options to meet requirements such as VMI or local warehousing.

### **Cost Control, Transparency and Cost Reductions**

HYG expects cost transparency from Center of Gravity Suppliers. HYG also expects suppliers to drive out all elements of excess cost from purchase prices in all stages of product life (from design concept to part phase out), while still meeting or exceeding reliability, product function, and design intent requirements, along with other factors such as product safety requirements, industry standards, government regulations or other requirements. This expectation is critical to the future viability and long-term success of both HYG and our suppliers. Suppliers are also expected to develop viable cost reduction proposals that meet or exceed the percentage communicated percentage targets defined either through the Annual Supplier Expectations (ASE) process and/or the MSA. Cost structures may be leveraged in any way possible to generate savings, and may include VA/VE, labor, factory overhead,



G&A and profit and other factors within the supplier's control. Cost Reductions ideas should be submitted to your Procurement Representative and should be validated by Engineering if VA/VE.

### **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 to keep customers' forklifts and related products in service with minimal downtime. HYG expects Suppliers to support our Aftermarket Programs and all related requests.

Please see the Aftermarket Programs section beginning on Page 41 for more detailed information related to aftermarket support expectations.

### **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 functionality and reliability, HYG must not only search for ways to improve, but fully embrace the concept of continuous improvement. We must accomplish this 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**) or Engineering Change Request (**ECR**) procedures as outlined in our SQM and are not permitted without the express written permission of HYG's Engineering or SQE Team.

Submissions for VAVE, CIAs, and other improvements should be submitted through your Procurement representative. Continuous improvement is characterized by a year-over-year cost reduction and is documented in the MSA in Schedule D.

More information on PCRs, ECRs, and the Supplier Quality Manual can be found on Page 30.

### **STE/SPED (Rapid Development of Customer Customization)**

HYG's strategy in the market is to support customer customization to meet specific application needs in our customers' industries. This customization requires rapid development activities throughout our organization including the sourcing and supplying of parts from our supply partners. HYG expects our supply partners to provide rapid and flexible support with quoting, lead times, and competitive pricing. These special options often grow into standard offerings over time. New ideas and innovations often begin through this channel of our organization.

## **CENTER OF GRAVITY, SUPPLIER RATINGS AND GENERAL SUPPLIER INFORMATION**

### **What is a Center of Gravity Supplier?**

Center of Gravity Supplier status was introduced in 2018 at the kick-off of HYG's IRIS program. Based in relationship, partnership, and capability, the Center of Gravity Supplier process and status builds strong, long-term strategic alignment between HYG and Center of Gravity in the Supply base.

Center of Gravity Suppliers have the benefit of working closely with HYG's engineering groups and enjoy early notification of strategic initiatives and potential program and product development opportunities. These Suppliers have broad technical capabilities and understand how to scale products based on HYG's diverse business needs.

While all suppliers to HYG have the convenience of monthly performance and delivery status communications and access to supplier resources as part of the external portal and website, Center of Gravity Suppliers enjoy the benefit of multi-dimensional Fit, Relationship and Resiliency metrics, laying the foundation for a solid, sustainable, and aligned future. The primary (but not only) requirement for Center of Gravity status is a current MSA in place with HYG.

### **Center of Gravity Supplier Status—Requirements and Benefits**

*Requirements* – A supplier must meet all the requirements outlined below to be a Center of Gravity Supplier to HYG.

- Participate in the Annual Acknowledgement Process for acknowledgement of key documents, targets, and expectations including:
  - Supplier Expectations Manual
  - Code of Conduct for Business Partners (includes any separate acknowledgements including Conflict Minerals and U.K. Anti-Slavery Act)
  - Supplier Quality Manual (SQM) – comply with HYG's Quality expectations and processes
- Registration to Jaggaer
- Master Supply Agreement (MSA) – All Center of Gravity Suppliers must have a current MSA in place with HYG. In some exceptional cases, this may be an HYG Level 2 Supply Agreement in the case of non-engineered, highly transactional relationships.
- Engagement in all Annual Supplier Processes:
  - Annual Acknowledgements

- Supplier Annual Survey and Analysis Review
- Annual and Monthly Scorecard Process (Quality, Delivery, Inflation Management)
- Center of Gravity Supplier Update and Rating Deep Dive
- Top to Top Meetings
- Other Supplier deliverables and requests as required
- Center of Gravity Suppliers have a rating of GROW, MAINTAIN, or IMPROVE. Non-Center of Gravity Suppliers will default to an overall rating of POTENTIAL until the above requirements are met, and other rating dimension requirements (Commercial, Fit, Relationship, Capacity, Performance and Resiliency) are at satisfactory levels. Rating dimensions carry the following weight toward the overall Center of Gravity rating:

*Benefits of Center of Gravity Supplier Status.*

- Early concept access to new product development projects
- Increase in depth and breadth of relationship with HYG
- Access to HYG Leadership
- Frequent and comprehensive communications with HYG Platforms and Engineering
- Long-term strategic relationships outlined in an MSA
- Strategic engagement with Category Management

Center of Gravity Supplier Ratings:

- **GROW:** A GROW rating indicates the Supplier is strategically aligned with HYG, is meeting all quality and delivery requirements and targets, has capacities dedicated and available to HYG, and has risk mitigated HYG's business and products, protecting supply and investment. A Center of Gravity Supplier categorized as 'GROW' has a green light to work with engineering, engagement in strategic projects, and has demonstrated appropriate responsibility and accountability to take on additional spend with HYG. Center of Gravity Suppliers in the GROW category will have a weighted Quality dimension score of 5 and will not have Restricted Quality status.
- **MAINTAIN:** A MAINTAIN rating indicates the Supplier is strategically aligned with HYG, is meeting all quality and delivery requirements, and has capacities dedicated and available to HYG. A MAINTAIN rating indicates there is satisfactory risk mitigation in place, but additional steps need to be taken with guidance from HYG to take on additional new business or projects. These required improvements could be in any rating area (Commercial, Fit, Relationship, Capacity, Performance, and Resiliency) and should be discussed with the appropriate Supply Chain team member. MAINTAIN rated suppliers with deficient scores in the Performance dimension area (4 or lower) and a Quality rating of RESTRICTED must have a plan for improvement in place with a qualified HYG SQE representative and demonstrate the ability to improve overall Quality Performance. Suppliers with a Performance dimension score of 4 or lower for a second year will automatically be moved to an IMPROVE rating.

- **IMPROVE:** An IMPROVE rating indicates the Supplier has additional steps to take in one or more Center of Gravity Supplier metric areas to maintain Center of Gravity Supplier status. An IMPROVE rating is based on rating areas (Commercial, Fit, Relationship, Capacity, Performance and Resiliency) in combination that have fallen below satisfactory levels. Suppliers in the IMPROVE rating category are not eligible for new business or projects and should take steps to work with HYG Supply Chain or another appropriate function in HYG (Quality, Warranty) on a plan for addressing rating shortfalls. IMPROVE rated suppliers with deficient scores in the Performance metric area and a Quality rating of RESTRICTED must have an SQE approved plan in place. Suppliers that cannot develop plans to increase ratings may be moved from Center of Gravity status, or into 'POTENTIAL (EXIT)' status.
- **POTENTIAL or POTENTIAL (EXIT):** Suppliers with a rating of POTENTIAL have not yet met the requirements in any of the 6 Center of Gravity metric areas (Commercial, Fit, Relationship, Capacity, Performance and Resiliency) to move into Center of Gravity status. POTENTIAL rated suppliers may not be used for new projects or business award. POTENTIAL suppliers may be discussed with the SC Category team to determine business case and resources required to add the supplier to Center of Gravity. POTENTIAL (EXIT) categorized suppliers are identified for de-sourcing or resourcing activity and are not eligible for new projects or business award.

Rating dimensions are weighted, and are defined as the following:

- **Commercial- 15%:** The Commercial dimension rates the overall quality of the Master Supply Agreement between the Supplier and HYG. Suppliers without an MSA agreement have a 0 rating out of 5 in this section.
- **Fit- 10%:** The Fit dimension rates overall alignment with HYG strategic and operational activities including Engineering, Category, and Operations. There are multiple functional areas surveyed to develop the Fit metric, which is a 0-5 rating.
- **Relationship- 15%:** The Relationship dimension rates influence and alignment between HYG and the Supplier. This is measured by survey to Operations, Engineering, and Top-to-Top (Executive), and generates a 0-5 rating.
- **Capacity- 15%:** The Capacity dimension measures the availability of capacity for HYG products, the Suppliers' ability to respond quickly to a capacity increase, and the ability to manage that increase within the Suppliers' own supply chain. This dimension is measured through Supplier Annual Survey and generates a rating of 0-5.
- **Performance- 20%:** The Performance dimension is the former Quality Rating. This dimension consists of all inputs from the Supplier Quality Engineering function relative to Warranty, Supplier PPM, Delivery, CARs time-to-close, and other measured quality inputs. The resulting rating is on a 0-5 scale. ONE YEAR WITH A PERFORMANCE DIMENSION RATING OF 4 OR LOWER WILL AUTOMATICALLY RESULT IN A 'MAINTAIN' STATUS. A SECOND YEAR WITH A PERFORMANCE DIMENSION RATING OF 4 OR LOWER WILL AUTOMATICALLY RESULT IN AN 'IMPROVE' STATUS REGARDLESS OF ANY OTHER FAVORABLE RATINGS.
- **Resiliency- 25%:** The Resiliency dimension measures how well the Supplier is protected from risk- financial and systemic including sourcing choices, business continuity

plans, manufacturing footprint, and the Supplier's ability to meet HYG's Global manufacturing needs. Suppliers' Resiliency is rated on a 0-5 scale.

## **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 their business relationship with HYG. Specific awards are subject to change, but Suppliers that demonstrate exemplary performance and meet or exceed the example criteria listed below may receive an award in one of the listed areas. Areas are subject to change depending on business conditions, environmental challenges, and other stressors or achievements in the business.

### **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.

### **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.

### **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.

### **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.

### **Aftermarket Award**

- The Excellence in Aftermarket is presented to the supplier who provides superb delivery and quality performance, excellent Aftermarket support and is willing to do whatever it takes to surpass normal customer expectations.

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.

### **SUPPLIER PERFORMANCE SCORECARDS**

Objective feedback regarding supplier performance is one of our keys for continuous improvement. HYG provides feedback to suppliers through various supplier performance scorecards which are described below.

Monthly and Annual Scorecards:

Suppliers will be provided with a monthly scorecard and an annual scorecard for discussion around relationship and performance improvement. Errors in performance metrics or other HYG/Supplier data discrepancies may be escalated for review and/or correction may be addressed with the individual and as documented on the scorecard. Center of Gravity Suppliers will be provided with more critical business and performance information than non-Center of Gravity Suppliers:

Non-COG - monthly scorecard:

- Basics - Quality, OT Delivery
- Monthly view
- Threshold = Non-COG Suppliers
- Exception managed

COG - more comprehensive view of relationship, strategic alignment, and basics

- Basics - Cost, Quality, Delivery- monthly, rolling 12 months
- Performance metric - SQE provided, Warranty, COPQ, iCAMs
- Capacity measure - part of annual external survey
- Resiliency - part of annual external survey
- Annual metrics - Alignment/Influence metrics (fit, relationship), commercial - part of internal annual survey

HYG will publish the Annual Scorecard during Q1 of each year. Center of Gravity Suppliers will be scheduled to take part in an Annual Review to review the total Center of Gravity scorecard, discuss metrics that generated performance and quality scores and go over any corrective action proposals implemented by suppliers to address opportunities for improvement over the previous year's performance.

## 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 review these scorecards carefully as they are made available. Where targets are not being met, HYG expects suppliers to implement corrective actions to return their performance to an acceptable level.

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

## ANNUAL SUPPLIER MANAGEMENT PROCESS

HYG follows an annual cycle of Supplier Management activities. These activities include scorecard administration, review of expectations, business meetings, supplier awards and other key activities. This annual process is calendarized below. As a supplier to HYG, participation in the Annual Supplier Management process may differ depending on supplier status. If there are any questions regarding the expectations listed in this section, please contact your Procurement Representative.

	Q1	Q2	Q3	Q4
Activities	Annual Supplier Acknowledgements (including performance and savings targets)  SQE Data Update  Global Supplier Awards  Supplier Survey	Annual Scorecard Update  Annual Survey Process	Center of Gravity Metric Update  Supplier Meetings  Top to Top Calendar  Savings Validation	Supplier Communications  Strategy Alignment
Key Documents	Supplier Expectations Manual  Annual Acknowledgement Documents	Annual Scorecard  Center of Gravity Metric update  Survey Jotform	Center of Gravity Metrics  Savings against Target	As Required
Key Outcomes	Understanding of annual targets- quality, delivery, savings, inflation management	Understanding of performance metrics; participation in voice of supplier survey	Understand overall Supplier Rating; participate in Savings Validation	Understand changes in business; overview of next 12-month rolling strategy

HYG's Annual Supplier Management Process is all inclusive, and covers expectation setting, performance reviews, savings validation, and, for Center of Gravity Suppliers, participation in strategic business and other reviews.

### Supplier Activities by Quarter

During the calendar year, HYG will conduct various activities with the Supply Base for the purpose of alignment and planning. Key alignment activities may differ from supplier to supplier, and engagement depends on Center of Gravity Supplier status. In general, major activities will take place on a quarterly

schedule, regardless of supplier status, and may include the following (***activities internal to HYG that support eventual communications to suppliers are in BOLD/ITALICS below***):

HYG's supplier activities during Quarter 1 are:

- Supplier Annual Acknowledgements
- Prior-Year SQE Performance Data
- Administration of Supplier Awards (Prior-Year performance)
- Administration of Annual Supplier Survey

HYG's supplier activities during Quarter 2 are:

- Administration of Annual Scorecard (Prior-Year)
- ***Internal Activity: Internal Supplier Survey***

HYG's supplier activities during Quarter 3 are:

- Annual Supplier Meetings
- Update of Center of Gravity metrics
- Top to Top Meetings for next 12 months published
- ***Internal Activity: Supplier Award Criteria (for Q1 Following Year) defined***
- Supplier Savings Validation

HYG's supplier activities during Quarter 4 are:

- ***Internal Activity: Supplier Strategy Alignment***
- ***Internal Activity: Supplier Communications***
- Supplier Year End Communications

#### **OTHER SUPPLIER EXPECTATIONS:**

##### **Cost-Reduction Ideas—Generation, Submission, Vetting of cost reduction ideas**

HYG expects suppliers to investigate and report cost-reduction ideas continuously to help meet or exceed annual savings targets. As HYG's systems to submit cost-reduction ideas evolve, please 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 will generate sufficient savings return to warrant the resources required for implementation. If you have questions about the status of your cost-reduction ideas that were submitted to HYG, please contact your Procurement Representative.

##### **The Commercial Relationship**

HYG expects suppliers to direct all topics of a commercial nature to their respective Procurement Representative(s). 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. Functions such as Engineering should never be provided information regarding pricing, estimates, preliminary costing, or otherwise without copying your Procurement Representative.

### **Down-Time Charges- Master Supply Agreement (MSA) Section 6**

HYG expects suppliers to accept financial responsibility for down-time charges that HYG may incur due to suppliers' 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. If you currently have a signed MSA in place, please refer to Section 6 in the MSA for specifics for your company relative to per unit loss liability and the method of HYG recuperation of costs.

### **Aftermarket Service Support**

See page 25 of the SEM for more detailed information about HYG's expectations for our Aftermarket Programs. HYG expects suppliers to support all initiatives that may be communicated from our Aftermarket Team. Procurement Representatives expect accountability from suppliers with OEM business to support HYG's Aftermarket Program requirements that may apply to parts provided by such suppliers.

### **Total Lead Time (TLT)**

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 dealers and customers. HYG does not maintain a finished truck inventory; therefore, to support our customers and remain competitive in the forklift market, HYG must maintain competitive lead times for all of our products. HYG expects suppliers to support rapid delivery requests to meet customer customization projects. It is critical that total lead time supplied to HYG from the supplier is accurate.

### **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 that 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, please contact your Procurement Representative.

### **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 a supplier's financial health. Suppliers are expected to cooperate and provide HYG with the appropriate documentation to support such assessments, should HYG show just cause for needing such documentation.

### **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 Center of Gravity, up-to-date backup plans are expected to be available for review upon request and as a part of the Annual Acknowledgement process. For Non-Center of Gravity, up-to-date backup plans are expected to be sent to your Procurement Representative within 10 business days after receipt of a formal request.

### **Disaster Recovery Plan**

A Disaster Recovery Plans enable suppliers to react to a threat or event swiftly and efficiently, and this is why they are so valuable. Suppliers can only achieve this ability to act quickly if they 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
- Political Unrest
- Pandemic or other Acts of God

For Center of Gravity, Disaster Recovery Plans are expected to be available on request and as part of the Annual Acknowledgement process. For Non-Center of Gravity, Disaster Recovery Plans are expected to be sent to your Procurement Representative within 10 business days after receipt of a formal request.

### **Supplier Capacity Survey**

In an expanding economic climate in the United States, Europe and/or globally, HYG may conduct supplier capacity surveys with our Center of Gravity Suppliers and others. Standard capacity questions that are adjusted to the current climate will be included in the annual Supplier Capacity Survey. From time to time, HYG may identify the need to administer additional and more specific surveys. These surveys are used to determine if sufficient capacity is available to HYG to meet our anticipated demand over a predetermined time frame. Surveys measuring capacity are expected to be fully completed in a timely manner.

If a significant level of risk is identified for any raw material, production process or logistics channel, HYG may request that suppliers develop a detailed risk mitigation plan that addresses the issue(s). Supplier risk mitigation plans may be subject to review until the parties reach a joint agreement that ensures identified risk(s) are minimized.

## Request for Quote (RFQ)

HYG will send a Request for Quote (**RFQ**) for new or existing business and expects suppliers to respond with a quote that addresses all criteria covered in the RFQ. Unsolicited quotes from suppliers will not be accepted. All RFQs will need to be submitted within the Jaggaer Portal for quote consideration. 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. Additionally, Supplier Cost should be submitted using DCN 36287, Price Breakdown Form, and suppliers should be prepared to review this cost form in detail.

## Supplier Quotations—Expected Cost Detail

All supplier quotations are expected to address all part numbers and special requests by way of RFQ using DCN 36287. A supplier's quotation is expected to comply with the following:

- All quotations must be completed on the HYG RFQ template provided with the submitted RFQ package, as delivered within Jaggaer Direct.
- 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. In addition, unit price shall include costs for "critical to quality" measurements and data collection to monitor long-term process capability. Unit price must be quoted in currency of the country of origin for the product or as instructed by your Procurement Representative.
- At minimum, detailed cost breakdown as indicated below is expected with each RFQ response:
  - Raw Material Cost
  - Purchased Material Cost
  - Outside Process Cost
  - Labor Cost
  - Packaging Cost
  - Overhead + Profit
  - Include lead time, minimum order quantity and order multiple or packaging quantity (if applicable)
  - Warranty: as stated in warranty section on page 33.
- 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 required improvements to, replacement of, repairs to, or investments in existing tooling including, but not limited to, corrections, modifications or other actions needed to achieve required quality levels.

- Number of strikes, shots, etc. for quoted tooling
- 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.

### **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. Ongoing, tool condition and maintenance requirements as well as any reduction in shots, strikes, or otherwise should be reported to HYG.

### **Tooling Statement Expectations**

- 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 a supplier's premises for any reason and at any time after tooling costs have been paid 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 it remains in the supplier's possession by maintaining the tooling in a condition suitable to produce acceptable parts at all times. The supplier 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 "Hyster-Yale Group" (the owner's name), part number(s) the tooling produces, date the tooling was placed into production and, if requested, the HYG tool number.
- When the tooling is complete, 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.
- Suppliers will affirm that HYG owns or licenses the intellectual property, including drawings, sketches, calculations, etc. associated with the tooling, and suppliers will agree not to claim any right to the same.
- The supplier and HYG acknowledge that each or both 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 a tooling statement identical to the Tooling Statement prior to providing any HYG tooling to the subcontractor.

- Any costs for repairs, rebuild, or replacement that are to be paid by HYG must be requested by supplier in writing and in advance. Authorization for work will be via issuance of a HYG PO.

### **Obsolete Tooling**

For any tool(s) that you consider obsolete and in need of disposal, HYG expects you to provide a written request to your Procurement Representative prior to taking any action. Supplier's written request should include the following:

- HYG tool number
- HYG part number(s) produced by the tool
- Description of the tooling
- Original cost of the tooling
- Date of the last supplier production run off the tool

HYG will investigate the current OEM and Aftermarket Program requirements for the part number(s) and work with supplier to determine the disposition of the tool and provide a written response concerning disposition of the tool(s). Suppliers are not expected to return any tooling to a HYG location unless they are provided written instructions directing that action from a Procurement Representative.

Please contact your Procurement Representative if you have any questions about HYG tooling considered obsolete.

### **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 information requested. Depending on the disposition of the ECN, suppliers are expected to work with HYG's ECN Coordinators and Planning Representatives for each affected HYG location to ensure the change is implemented according to HYG's schedule.

### **Excess & Obsolete Inventory**

ECN changes can lead to situations where product(s) become obsolete or not fit for production. Upon receipt of an ECN that makes product obsolete, suppliers are expected to identify promptly 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. If you currently have a signed IMA in place, please refer to the IMA.

### **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.

For product imported to our U.S. locations, see Country of Origin (COO) Part Identification on page 53 for more information.

### **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 you to 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 seek out and provide opportunities for small businesses, minority business enterprises, HUB zone businesses, 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.

## **SUPPLIER TO HYG COMMUNICATIONS**

Timely and clear communication between HYG and our suppliers is critical to mitigating potential risks in today's global supply chain. HYG expects this type of communication in all exchanges; however, please be advised that there are certain critical supplier communications that require an even higher level of focus. This section covers what HYG expects relative to communication from Suppliers to HYG. Please note that all communications to HYG shall be in English.

### **Early and Proactive Supply-Related Communications**

HYG expects suppliers to communicate proactively and provide early notification to their Procurement Representative(s) for the following:

- All supplier, sub-supplier or sub-contractor issues that could affect HYG or HYG customers
- Any changes in the status of acknowledged purchase orders and/or confirmed shipments of purchase orders)
- Any potential supply, supply delay or capacity issues

### **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 of the proposed change. Suppliers are to reference HYG's SQM for complete information about HYG's PCR process and related form.

### **Engineering Change Request (ECR) Notification**

HYG expects suppliers to submit an Engineering Change Request (ECR) for all requests for authorization of any proposed design changes, material specification changes, changes to software internal to supplier component, changes of tolerance of HYG designed components, or changes to tolerance of software of Tier 2, 3, etc. designed components. ECRs should be submitted to your Procurement or SQE Representative at least 90 days in advance of the proposed change. Suppliers are to reference HYG's SQM for complete information about our ECR process and related form.

### **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.

### **Aftermarket Truck Down Notification**

When HYG's Aftermarket Team communicates a Truck Down in the field issue, we expect suppliers to respond within 24 hours of HYG's initial contact with information regarding availability of affected parts. HYG has committed to our dealers and customers that the highest priority is given to any truck down situation so we can help them return that product to service as quickly as possible. Failing to respond within 24 hours could adversely impact your Annual Scorecard and/or Supplier Performance Management (SPM) score.

### **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 may 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. HYG's Material Planning

Team will communicate the part information to the supplier via email and request a response within one business day for impacted part(s). A response for availability of affected part(s) is expected from our supplier within the indicated time after our initial contact of the issue.

### **Notification of Supplier Personnel Change**

HYG expects suppliers to notify your Planning and Procurement Representatives promptly 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.

### **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. More detail regarding each of the following can be found in the Supplier Quality Manual (SQM).

#### **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. The SQM is acknowledged annually to ensure any changes are reviewed. This happens through the Annual Acknowledgment Process. Click here for HYG's SQM.

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

#### **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 because 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. If you currently have a signed MSA in place, please refer to the MSA.

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.

### **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/>

### **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.

### **Supplier Warranty Management and Charges**

On a monthly basis, you may 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. This may not apply to all suppliers.

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

### **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.

## **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.

### **Supplier Relationship Management (SRM) & Jaggaer Direct (JD) Overview**

Supplier Relationship Management (SRM) is a web-based SAP program that HYG utilizes for its parts ordering management system. HYG also utilizes SAP in some manufacturing plants for our parts management. SRM & SAP link with Jaggaer Direct to distribute & collect data with our suppliers. JD 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/SAP are routed through this e-commerce third-party provider.

SRM/SAP is used by HYG to create and modify POs, create, and update supplier contracts, communicate forecasts, and view PO history. Jaggaer Direct is used by suppliers to create purchase order responses, advance shipping notices and enter invoices. HYG expects suppliers to fully utilize all

of the features of this system to help ensure on time shipment of the correct parts to each of our locations.

### **Third-Party Provider, E-Commerce Activity**

Jaggaer Direct is HYG's third-party provider for all e-commerce activity communicated between HYG and suppliers. For help with any issues related to your JD web portal administered by our third-party provider, contact Jaggaer Directs' Support Team at either of the following:

- Email: [jdsupport@jaggaer.com](mailto:jdsupport@jaggaer.com)
- Phone: +001 800 233 1121, Option 1

### **Supplier Communication Methods**

- Machine to Machine (M2M or EDI)
  - HYG JD 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
  - JD utilize Global Digital Post (GDP) to act as a translator and correlation service for EDI
- Agent (VMI suppliers to Americas locations only)
  - HYG JD 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
- Super-Hybrid
  - Combination of EDI & Web Based Transactions
  - HYG's JD system sends POs, POR's & Forecast to supplier via EDI
  - All other transactions via web application
  - Future migration to full Machine to Machine (M2M or EDI) method is possible
- Hybrid
  - Combination of EDI & Web Based Transactions
  - HYG's JD 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
  - HYG JD system sends POs and forecasts through web application
  - Supplier receives email notification of new document arrival
  - Supplier logs in to Jaggaer Direct Link – <https://suppliers.hyster-yale.com/portal/hyg/>
  - Supplier uses JD 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 (Please see page 34 E-Commerce Registration Process)
  - Future migration to Hybrid or M2M methods is possible

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

## **Forecasting**

HYG suppliers are expected to regularly review our 12-month rolling forecast communicated in JD. At a minimum, suppliers should review at least weekly by the second Monday of the month. Suppliers can find forecasts by part number within the JD 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. STE/SPED parts are not forecasted. If the demand of these parts is outside of your agreed lead times they will show in your portal as forecast, but they are for real customer orders.

## **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.

## **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 can also backdate an ASN by one day to be on time. 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 how to create ASNs to meet our on-time shipment criteria.

## **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.

## **Purchase Order (PO)**

Purchase orders (POs) are communicated through the Jaggaer Direct system where suppliers are expected to accept POs within a maximum of two business days after PO issuance. In JD, suppliers will move POs into the worklist until the PO ships.

Suppliers will receive an email notification that new POs have arrived, or PO changes have been made. Suppliers can check JD daily for any new POs or PO changes. For more information on processing POs please reach out to your planning or procurement contacts.

## **Purchase Order Response (POR)**

Suppliers must submit a purchase order response (POR) via JD 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. Please be aware ASN and invoices cannot be submitted to HYG unless the POR has been actioned. Suppliers are also expected to respond with PORs within two business days. For more information on PORs, please reach out to your planning or procurement contacts.

### **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 “FCA” which is most 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 “FCA,” 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.

### **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 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 SAP/SRM which will then be transmitted via JD. Suppliers will agree or send a counterproposal via JD Portal.

### **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 / SRM; 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.

### **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 JD 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 and once a

line is cancelled it cannot be re-instated. Supplier is expected to maintain documentation in case any questions arise later.

### **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 JD portal and includes the following:

- Quantity shipped
- Bill of lading number
- Carrier ID
- Tracking number (Packing list 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. Suppliers can backdate an ASN by one day. For more information on ASNs please reach out to your planning contact.

### **Open Orders Report**

An open orders report is sent to suppliers 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.

### **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 JD. Suppliers are expected to manage all changes through the JD system.

Suppliers may receive emails titled, "PO Changes" along with an Excel spreadsheet with all the changes listed. Supplier's CSR is expected to communicate and agree upon those changes or cancellations.

### **Domestic Warehouse Report Americas Only)**

HYG strongly encourages our international supply base to investigate 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<sup>st</sup> and 15<sup>th</sup> 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.

## **Vendor Managed Inventory (VMI) Program- Inventory Management Agreement- IMA Document Required**

### **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.

Once HYG and the supplier agree to this program, the supplier will ship product to the VMI location based on HYG's 12-month rolling forecasts accessed through JD. There will not be any POs initially sent to the supplier. When HYG is ready to pull product from the VMI location, a PO is sent to the VMI location. The third-party warehouse 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 eliminated. Contact your Planning Representative for more information related to our expectations for our VMI process.

### **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 eliminated. Contact your Planning Representative for more information related to our expectations for the VMI process.

### **Kanban Program (Alternative Inventory Ordering)**

For high volume, routinely used part numbers, HYG may expect suppliers to work 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.
- Total replenishment time 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 total replenishment time is expressed in number of business days, Monday - Friday. The total replenishment time 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 total replenishment time
  - 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
  - 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:
  - 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
  - Accept financial responsibility for Kanban(s) of materials available for shipment or enough materials in production to support agreed total replenishment time

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

### **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 5<sup>th</sup> working week
- Supplier is expected to provide promise dates for the 5<sup>th</sup> 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.

### **Supplier Feed to Point of Use**

HYG may require specified Product types to be replenished by the Supplier direct to point of use in an HYG plant. In such circumstances, HYG expects designated Suppliers to set up a mutually agreeable replenishment program utilizing a local feeder warehouse and Kanban principles. A Service Level Agreement will be completed with your HYG team, outlined below are the general expectations for Supplier feed to point of use:

- Parts designated for Supplier feed to point of use shall be replenished on a 2 bin Kanban system. Bin quantities may be proposed by Supplier and approved by HYG.
- Supplier will operate a Point of Use Resupply (POUR) location and local Supplier warehouse, within a maximum 1 hour driving distance from the HYG consuming plant.
- Supplier shall maintain 2 months forward looking inventory at the local warehouse.
- Supplier shall operate a replenishment model to mirror the shift patterns at each HYG consuming location. Supplier shall also provide 24-hour contact information.
- Supplier Kanban bins shall be color coded or labelled to distinguish them from other bins in use. HYG may specify different Bin specifications by Product type.
- Supplier must operate adequate bin cleaning processes, approved by the consuming plant.
- Supplier shall identify and collect empty Kanban bins, minimum once per day, but more often when consumption pattern at an independent bin location requires this.
- Supplier shall replace each empty bin, with a bin filled to the agreed Kanban quantity, or established agreed lot size if different, within a maximum of 24 hours.
- Supplier shall provide HYG with information on Product replenishment promptly, using a method agreed by HYG.
- Product ownership will transfer from Supplier to HYG only when delivered to a point of use.
- HYG will operate audits of physical receipts to ensure inventory accuracy.
- Supplier shall set up a physical early warning system when POUR warning signal is reached.
- Should Supplier be unable to replenish any designated Kanban part within 24 hours, Supplier shall report the matter to HYG using communication lines defined by the HYG consuming plant.
- Should a stock-out occur, Supplier shall follow stock redistribution and replenishment process outlined by the HYG consuming plant.
- Additional daily communication processes, lineside meetings, forecast v usage history and bin signal monitoring processes may be required of the Supplier by each HYG consuming location
- Supplier use of fork trucks to move product to a point of use is not permitted. Only tuggers and carts which are pre-approved by HYG shall be permitted inside the consuming plant.
- Supplier agrees that associates working on-site at an HYG facility will participate in HYG training as may be required, e.g., Demand Flow Technology overview.

- Supplier is responsible for premium freight costs to avoid or to recover a stock-out situation unless Supplier is not responsible for the stock-out.

## **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 to keep customers' forklifts and related products in service with minimal down time.

### **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 aforementioned commitment time periods. 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 by the supplier 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.

In the event that a supplier plans to discontinue the production of product(s) following the term, the supplier agrees to give HYG at least eighteen (18) months' prior notice of such discontinuation, to accept any order that HYG may issue to secure its back-up inventory, and to make such products available for purchase by HYG beyond such eighteen (18) month period for so long as the supplier continues to supply such products to any of its other customers.

### **Aftermarket Pricing**

HYG expects suppliers to provide aftermarket service parts at the same price level as production parts for so 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.

### **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.

### **Aftermarket Orders**

There are four types of Aftermarket orders:

1. Stock order: Orders for parts at regular lead times.

2. Emergency order: Orders for parts that are urgently needed and cannot wait for regular lead times.
3. Break-down order: Order for parts that are needed on a truck that is broken-down in the field.
4. Direct ship order: Order that goes directly from the supplier to the dealer.

Suppliers are expected to reply with an order confirmation within 3 days.

#### **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 suppliers within 4 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.

#### **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.

#### **Aftermarket Physical Identification of Parts**

HYG expects suppliers to reference on page 29 in this SEM for information about physical identification of parts or branding. Please contact your Aftermarket Procurement Representative if you have any questions about Aftermarket’s specific expectations for the physical identification of a part.

#### **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 needed 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. Please contact your Aftermarket Procurement Representative for more information about VASP.

#### **Sum of Component Parts Not to Exceed the Assembly Cost**

Service parts documentation and pricing are expected to be received (i) before first production of the forklift and (ii) before 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.

### **Aftermarket Direct Ship Programs**

Suppliers participating in HYG's Aftermarket Direct Ship Programs are expected to support fully 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 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 agreements 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

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

## **ACCOUNTS PAYABLE**

### **Invoicing**

To ensure efficient processing of invoices, suppliers are expected to invoice promptly and accurately according to terms on our PO accepted through Jaggaer Direct (**JD**). 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 JD'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 the responsible party at HYG. This situation may result in delays for processing your invoice for payment.

### **Electronic Invoicing**

HYG expects all suppliers using M2M, Super-Hybrid, Hybrid or Web-Based systems to submit invoices electronically through JD. All required fields must be completed in the Electronic Invoicing Process through JD. 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). Suppliers may reference HYG's JD work instructions for more information about how to submit invoices electronically or contact the Planning Representative.

### **Manual Invoicing (paper copy)**

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

- Invoice Number
- VAT Number (if applicable)
- Invoice Date
- HYG PO Number
- HYG PO 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.

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

## 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 (for example – check, credit card). Please contact the appropriate Accounts Payable Help Desk for more information.

## Americas Division Payment Terms and Timing

The standard payment schedule is once per month, on the second (2<sup>nd</sup>) 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, Net 45, and Net 60 Day Terms).

If you currently have a signed MSA in place, please refer to the MSA.

## European Division Payment Terms and Timing

The standard payment schedule is once per month, on the third (3<sup>rd</sup>) 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, Net 45, and Net 60 Day Terms).

If you currently have a signed MSA in place, please refer to the MSA.

## 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 parts were supplied.

### Americas Division

- Email: [helpdesk.accountspayable@hyster-yale.com](mailto:helpdesk.accountspayable@hyster-yale.com)
- Phone: 252-931-5639
- Fax: 252-931-5974

### European Division

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

## ENGINEERING AND DESIGN

This section represents HYG's 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.

### **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

### **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.

### **Cost Control and Visibility for Product Development**

Suppliers are expected to assist HYG in controlling costs during the development process. HYG RFQ documents are to be completed by suppliers following HYG's instructions as requested throughout the development process. Suppliers will support re-quotes for design changes using the HYG variance quotation process. Suppliers will use the required HYG variance quotation process supporting forms to capture and report all relevant cost information to the change.

### **Computer Aided Design and Engineering Resources**

HYG expects suppliers to have modern product development capabilities including (i) personnel with Computer Aided Design (CAD/CAE) experience, and (ii) facilities appropriate for performing 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

### **Intellectual Property (IP)**

In the normal course of product development activities, suppliers may need to have access to HYG intellectual property (IP). HYG IP includes, but is not limited to, its patents, copyrights, trademarks, business processes, systems, manufacturing processes, strategic plans, and trade secrets. Suppliers are expected to handle HYG intellectual property strictly according to HYG confidentiality guidelines. Suppliers are expected to have Non-Disclosure Agreements (NDA) in place with HYG prior to being allowed access to HYG IP. Unless otherwise agreed in writing, any new technology developed from any of the processes listed in this section will be owned by HYG.

### **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 support SI projects prior to Model Year projects. SI consists of four phases like 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 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.

## **LOGISTICS**

All suppliers are expected to use HYG's specific routing instructions for all shipments made to any HYG location. Please read these routing instructions carefully 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.



## Suppliers Shipping to HYG’s North American Locations

### Inbound Freight Routing Instructions—Shipping from USMCA Region Locations

For HYG’s routing instructions for all shipments originating in the United States, Canada, and Mexico, please click the following link and select “Inbound Freight Routing Instructions”:

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

### Inbound Freight Routing Instructions—Shipping from International Locations

Inbound freight routing instructions for shipments originating from all countries outside of the United States Mexico Canada Agreement (USMCA) 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](mailto:logisticsamericas@hyster-yale.com) to get specific routing instructions based on the country of origin for your products.

## Suppliers Shipping to HYG’s European Locations

### Inbound Freight Routing Instructions

For “FCA” 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 may ask HYG’s Planning Representative for Reilley International’s contact information.

For shipments from other regions of the world, HYG expects suppliers to contact their HYG Planning Representative to request routing instructions.

### Aftermarket EMEA Routing Instructions

Aftermarket EMEA routing instructions can be found at the following link: <https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/>.

## LABELING, DOCUMENTATION AND PACKAGING

The following section outlines HYG’s expectations regarding labeling and documentation for products shipped to HYG locations.

### Labeling—Bar Code Labels

HYG expects suppliers to use bar coding labels on all shipments to all locations. Bar code labels must 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. Please go to the following link and select "Supplier Barcode Requirements" for more information:

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

### **Labeling—Packing Labels**

At minimum, HYG expects suppliers to include the following information on packing labels:

- 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 must have its own packing label. Also, suppliers are expected to follow the Automotive Industry Action Group (AIAG) standards. Please click on the following link for AIAG's website: [www.aiag.org](http://www.aiag.org). (Please note that shipping labels will fall under AIAG B-10 Trading Partner Label Guideline.)

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

### **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 where it can be easily located during receiving. 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 listed correctly on packing slips and BOL paperwork. If your system constraints prevent you from completing all required information for your paperwork, then you must have your CSR contact your Planning Representative to discuss and resolve the issue prior to shipping.

### **Packaging—Expendable**

HYG requires that suppliers use expendable packaging that is of sufficient design and strength to maintain full functionality and product protection throughout the entire supply chain while minimizing total costs for materials, labor, shipping, etc.

Expendable packaging is used a single time and must place an emphasis on recyclable materials. Suppliers must be prepared to declare the recycled content of their packaging materials. In particular, the recycled content of plastic packaging must be 30% or greater to avoid negative tax impacts in some of our operating markets.

Complete details on expendable packaging requirements, including restricted packaging, can be found at <https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/> under Supplier Packaging Guidelines.

For additional Packaging Engineering support, please submit inquiries to [packaging@hyster-yale.com](mailto:packaging@hyster-yale.com).

### **Packaging—Returnable**

Returnable packaging is acceptable when it provides the lowest total operating cost to HYG. HYG expects returnable packaging to be supplier owned and maintained. Returnable packaging proposals must undergo a thorough financial feasibility analysis by HYG Packaging Engineering prior to approval to ensure that we have accounted for all associated expenses.

The allocated quantity of returnable packaging must be large enough to cover worst case scenario parameters including, but not limited to, production spikes and delays, extended holiday shutdowns, force majeure, etc. Back up expendable packaging of like dimensions and net quantity of contents must always be readily available to cover potential disruptions in the flow of returnable packaging.

Because returnable packaging is used repeatedly over multiple years it must be durable in material selection and design. All returnable packaging must be able to withstand extended outdoor storage under a global range of climatic conditions while maintaining full functionality.

Complete details on returnable packaging requirements, including acceptable returnable packaging styles and design considerations, can be found at <https://www.hyster-yale.com/about-hyster-yale-group/suppliers/supplier-resources/> under Supplier Packaging Guidelines.

For additional Packaging Engineering support, please submit inquiries to [packaging@hyster-yale.com](mailto:packaging@hyster-yale.com).

## **RECEIVING—HYG LOCATIONS**

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 their respective Planning Representatives for announced plant shutdowns to ensure smooth operations during and after such shutdowns.

### **Receiving Location Hours**

Each of HYG's facilities has defined receiving hours which may vary among 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 delivery times based on appointment availability at each location. Suppliers may contact their Planning Representative to get more information for delivery arrangements.

### **Shipping Paperwork Expectations**

HYG expects all suppliers to provide the required paperwork described in the Labeling, Documentation and Packaging section of the SEM to facilitate prompt and accurate receiving of supplier product that has been shipped to each of our locations. Please contact your HYG Planning Representative if you have any other questions about our shipping paperwork expectations.

## **CUSTOMS COMPLIANCE**

Customs compliance requirements vary depending on the country into which product is being shipped. Instructions regarding how to meet customs compliance requirements for various HYG locations are provided below. HYG expects suppliers to follow these guidelines to ensure that product moves through customs in a timely manner and without additional costs.

### **Suppliers Exporting to U.S. Locations**

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

### **Customs-Trade Partnership Against Terrorism (C-TPAT)**

HYG entered 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 Profile Questionnaire, 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 verification will be conducted by a HYG representative or trade partner to confirm that physical security criteria meet C-TPAT requirements.

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 with these and other CBP requirements may jeopardize current and/or future business with HYG. Please direct all inquiries to [customscompliance@hyster-yale.com](mailto:customscompliance@hyster-yale.com).

### **Country of Origin (COO) Part Identification**

Generally, 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 by 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. The purpose of this rule is to ensure that the "Ultimate Purchaser" in the U.S. can decipher in which country an article is made.

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 Customs supervision prior to liquidation of the entry. Customs may demand redelivery of the items not properly marked. If there is non-compliance with the redelivery demand, Customs can assess Liquidated Damages up to 3 times the value of the shipment – all for failure to properly mark imported goods. Please click here for more information:

<https://www.cbp.gov/trade/USMCA/USMCA-certificate-origin>

### **Invoice Requirements**

This section lists compliance requirements necessary to support HYG and CBP's initiatives for s. All the following information must be provided and fully compliant with applicable requirements. **Missing information or mis-submitted invoices can cause significant delay in receiving payment from HYG.**

- The date of the invoice.
- The port of entry to which the merchandise is destined.

- The name and address of the manufacturer or supplier. (Defined as the name and address of the party who last manufactured/assembled/grew/produced the goods or the name and address of the supplier of the finished merchandise in the country from which the goods are exiting.)
- The name and address of the seller. (Defined as the name and address of the last known entity by whom the merchandise is sold or is agreed to be sold.)
- The name and address of the buyer. (Defined as the name and address of the last known entity to whom the merchandise is sold or is agreed to be sold.) HYG TPC, PO Box 12010, Greenville, NC 27834-2010
- The name and address of the ship to party. (Defined as the name and address of the first party scheduled to receive the merchandise, once released by CBP (Customs & Boarder Protection). Note: Customs requires the actual deliver to name and address – not a corporate location.)
- The name and address where the container is stuffed. (Defined as the name and address of the location where the goods are stuffed into the container. Scheduled stuffing location is acceptable and may be the same name and address as the manufacturer or supplier, depending.)
- The name and address of the consolidator. (Defined as the name and address of the party who either stuffed the container or who arranged for the stuffing of the container.)
- The name and address of the consignee. (Defined as the party in the U.S. on whose account the goods are shipped.)
- A detailed description of the merchandise, which includes:
  - The common name of the merchandise.
  - The HYG part number with matching purchase order number and line number.
  - The marks, numbers, and symbols under which each item is sold and packaged.
  - 1400 Sullivan Drive Greenville, NC 27834
- The quantities being imported in appropriate weights.
- The purchase price of each item.
- The currency of the transaction.
- All relevant charges (such as 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.
- The country of origin of each item.
- The terms of sale of the transaction.
- The 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)
- The name and signature of a responsible individual who can readily obtain knowledge of the transaction.

### **Importer Security Filing (ISF)**

Effective January 26, 2009, U.S. Customs and Border Protection (CBP) implemented new security regulations on importers. This new rule, Importer Security Filing (ISF), also known as 10+2, requires importers to provide CBP with additional advance data elements for all ocean vessel shipments inbound to the United States. With these filing requirements, importers and their supply chain

partners have new data gathering and reporting responsibilities. These filings are required to take place not less than 24 hours prior to cargo loading on vessel. For our broker to meet this required filing deadline, HYG and Livingston Intl. need the required information 72 hours prior to vessel loading. All the information needed from you is on your commercial invoice to HYG (see page 55). If you ship full container loads direct from your location to ours, HYG requests that you email your commercial invoices, packing lists, and booking confirmations from the steamship line to [hys-yaldocuments@livingstonintl.com](mailto:hys-yaldocuments@livingstonintl.com) and [carolyn.lee@hyster-yale.com](mailto:carolyn.lee@hyster-yale.com) at least 72 hours prior to vessel loading. In the subject line of the email please put: **ISF: Bill of lading number and or Booking number, name of the vessel, the estimated date of sailing and your invoice number.**

For shipments that are picked up at your location by our consolidators, the consolidator will supply us with the required documents. Your responsibility is to provide the consolidator with the commercial invoices in the format outlined in this document and packing list when they pick up the shipment from you.

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 document. **HYG reserves the right to debit a supplier for any penalties, issued by CPB, resulting from a supplier not following the instructions in this document.**

#### **United States-Mexico-Canada Agreement (USMCA)**

The United States-Mexico-Canada Agreement (USMCA) replaced the North America Free Trade Agreement (NAFTA) on July 1, 2020.

To comply with the USMCA, designated suppliers should complete the Country-of-Origin (COO) information when requested by HYG, for the current year. The 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. HYG must have proof of origin on file for all materials shipped across the border to comply with trade regulations, and this information will need to be updated annually. The COOs are kept on file by HYG for a minimum of five years.

#### **For supply into HYG Americas**

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](mailto:customscompliance@hyster-yale.com).

#### **Suppliers Exporting to Mexico**

HYG Mexico expects suppliers shipping from outside Mexico to 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.

## 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 be forwarded to:

Hyster-Yale Mexico  
 Flor Rivera  
[Flor.rivera@hyster-yale.com](mailto:Flor.rivera@hyster-yale.com)  
 +52 (844) 100-0411

## Invoice Requirements

This section lists compliance requirements necessary to support HYG Mexico and Mexican Customs initiatives for commercial invoices. Suppliers must provide all of the following information to be fully compliant with customs requirements:

- 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 in 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 most current Incoterms 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

## United States-Mexico-Canada Agreement (USMCA)

Designated suppliers should complete the USMCA COO (Country of Origin) document for the current year. The USMCA COO document 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 also use their own form if desired. U.S. CBP and Mexican Customs require this information to be updated annually. The USMCA COO documents 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. For HYG to avoid paying duty to Mexico upon importation, HYG must have the USMCA COO document on file from the supplier prior to shipping materials. If the materials supplied to HYG do not qualify for USMCA, HYG must have a non-USMCA COO document 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 emailed to:

Hyster-Yale Mexico

Flor Rivera

[Flor.rivera@hyster-yale.com](mailto:Flor.rivera@hyster-yale.com)

+52 (844) 100-0411

### **Suppliers Exporting to European Locations**

HYG expects suppliers shipping to HYG locations in Europe and UK to comply with all customs compliance instructions to help ensure that products exported to our various European and UK 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.

It should be noted that as part of the Northern Ireland Protocol agreed between the EU and UK as part of the Brexit agreement, our Craigavon facility in Northern Ireland is still in the EU Customs Union and as such is still party to all EU VAT/customs processes and directives. If you are shipping to Craigavon from the EU using Great Britain as a transit point, your goods will have to be under customs controls. More guidance can be sought by e-mailing [imports@hyster-yale.com](mailto:imports@hyster-yale.com)

### **European Union (EU) Authorised Economic Operator (AEO) Status**

AEO is a European and UK initiative that works in partnership with the trade community to secure the global supply chain. As part of the agreement with EU and UK, 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.

The Security Profile Questionnaire, which is a web-based application, will help HYG 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.

### **Country of Origin**

All suppliers are expected to send an email to [imports@hyster-yale.com](mailto: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 so in the file.

Country of Origin (COO) of all parts should be mentioned on the invoice or relevant packing list.

All European and UK 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](mailto:imports@hyster-yale.com) at the earliest opportunity. This is required for EUR1 (Movement Certificate for preferential origin) purposes.

For GB suppliers selling to Craigavon the invoice must have the relevant origin statement if the parts are of UK origin. A supplier's declaration will also be required from all UK suppliers confirming origin of parts. Please e-mail [imports@hyster-yale.com](mailto:imports@hyster-yale.com) for further details.

Further information on country-of-origin requirements can be found by contacting your country's customs offices or web pages.

### **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](mailto:imports@hyster-yale.com). Please confirm in the email how the original has been handled, i.e. sent by post, included with goods etc.

### **Invoice Requirements**

Supplier invoices raised for the purpose of customs clearance are expected to show all 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
- Supplier's statement of origin (where applicable)
- 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 most current Incoterms 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

### **Separate Invoices Provided for Customs and Payment Purposes**

If suppliers issue a separate invoice for customs and payment purposes, to must provide written confirmation of correlation between the invoices. A regular file sent to [imports@hyster-yale.com](mailto: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.

### **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](mailto:imports@hyster-yale.com) of all serial numbers sent against each customs invoice. If it is easier, this information may be provided at the time of shipment.

## **SUPPLIER ELECTRONIC DATA COMMUNICATION**

### **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 JD 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.

### **Third-Party Provider, E-Commerce Activity**

Jaggaer Direct is HYG's third-party provider for all e-commerce activity conducted between HYG's manufacturing facilities and our suppliers. HYG expects suppliers to work with and cooperate fully with our e-commerce third-party provider.

### **Jaggaer Direct (JD)**

For help with any issues related to your web portal administered by third-party provider, contact Jaggaer Direct's Support Team at either of the following:

- Email: [jdsupport@jaggaer.com](mailto:jdsupport@jaggaer.com)
- Phone: +001 800 233 1121, Option 1

### **Jaggaer Direct Communication Methods**

HYG currently has four methods of communicating through JD 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)
- Super Hybrid
- Hybrid
- Web

See page 34 for more information about Jaggaer Direct Communication Methods.

### **E-Commerce Registration Process**

Please contact your Procurement Representative for complete instructions related to HYG's new supplier e-commerce registration process or if you desire to change your JD communication method. Your Procurement Representative can provide you with the invitation to register with our JD system and complete your company profile and related information thus allowing HYG to speed up your access to the JS system.

### **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.

### **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 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 the 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

You 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/>

## **GENERAL INFORMATION**

### **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. 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 about the applicable issue. If you have questions about the precedence of documents, you should always contact your Planning or Procurement Representative for clarification.

### **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 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](http://www.hyster-yale.com).

### **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.

## 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 removed promptly from all points of issue or otherwise secured from unintended use.

## Contact Information for Questions

For questions related to the SEM that cannot be answered by your local Global Supply Chain Representative, please email [americasprocurement@hyster-yale.com](mailto: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.

## CONFIDENTIALITY STATEMENT

This document contains confidential information that is the property of HYG. By accepting this information, supplier agrees that it will not be used for any purpose other than that for which it is provided.

## APPENDIX

### Glossary of Acronyms

#### A

- ACR – Annual Cost Review or Annual Comprehensive Review
- AEO – Authorized Economic Operator
- APQP – Advanced Product Quality Planning
- APR – Annual Performance Review
- AS – Annual Scorecard
- ASA – Annual Supplier Acknowledgement
- ASN – Advance Shipping Notice

#### B

**C**

- CAD – Computer Aided Design
- CBP – Customs Border Protection (U.S.)
- CE – Conformité Européenne
- COPQ – Cost of Poor Quality
- COG – Center of Gravity
- 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 (U.S.)
- 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
- GDP – Global Digital Post (Jaggaer Direct Third-Party Contractor for EDI)
- GDPR – General Data Protection Regulation

**H**

- HQMS – Harrington Quality Management System

## I

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

## J

- JD - Jaggaer Direct

## 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
- USMCA – United States, Mexico and Canada Agreement
- NDA – Non-Disclosure Agreement
- HYG – Hyster-Yale Group

## O

- OT – On time

## 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**

- SCAR – Supplier Corrective Action Request
- SEM – Supplier Expectations Manual
- SI – Systems Innovation
- SPED – Special Products Engineering Department
- SPM – Supplier Performance Management
- SQE – Supplier Quality Engineer
- SQM – Supplier Quality Manual
- SRM – Supplier Relationship Management
- STE – Special Truck Engineering

**T**

- TPA – Trading Partner Agreement

**U**

- UL – Underwriters Laboratories

**V**

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

**W**

**X**

**Y**

**Z**