



# SUPPLIER GUIDE

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## **BTD Mission, Vision, and Values**

### **Vision**

Be our customers first choice by making it right and making it fast.

### **Mission**

BTD is an aggressive growth orientated contract manufacturer of quality products. We are in business to deliver superior service that exceeds our customers' needs, provide growth opportunities for our employees, and enhance profitability.

### **Values**

- Integrity
- Safety
- People
- Performance
- Community

## **Quality Policy Statement**

BTD is committed to continually improving all products and services to achieve our customer's expectations.

We do this by:

- 1) Living our values.
- 2) Providing opportunities for employee involvement, motivation and training.
- 3) Developing, documenting and following processes.

## **Quality Objectives**

BTD's quality management system objectives are:

- 100% on time delivery to customers.
- Exceed customer PPM goals.
- 100% customer satisfaction.

## **General Guidelines for Doing Business with BTD**

BTD prides itself on being open and honest with all business associates. As such, we feel it is important that our Suppliers have a full understanding of how we conduct business. Please be mindful of the following general guidelines.

## **Scheduled Appointments**

In an effort to ensure the value of the sales call for both the caller and the buyer, it is necessary that the salesperson schedule such appointments in advance of his/her arrival. If prior notice is not given, a meeting is not guaranteed.

## **Conflict of Interest/Gift and Entertainment Policy**

It is our intent that the friendly spirit of the business relationship be on the basis of genuine business merit and not influenced by personal or social considerations. In this respect, your attention is called to our long-standing policy which prohibits our people from accepting or soliciting gifts or favors not considered as being that of a promotional nature and of nominal monetary value from our Suppliers for personal gain. We ask that our suppliers not jeopardize the business relationship by offering gifts or favors outside of this policy.

## **Requests for Quotation**

BTD will solicit quotations for products and services from Approved Suppliers. The Supplier is expected to respond to the quotation within the timeframe requested. **In most cases, 24-hour turnaround on a request for quote is expected.** BTD relies on its suppliers in their areas of expertise. Any potential quality issues should be addressed prior to quoting and any changes agreed upon by all parties need to be documented on a marked up, signed and dated print submitted to BTD by the supplier. Only upon approval from BTD is the marked up print valid. This includes, but is not limited to, packaging parts to protect from shipping damage. Submitted quotations are reviewed by the Buyer to determine which Supplier offers the best cost, delivery, quality performance and service. The Supplier's assessment grade will be taken into account and a percentage may be added or subtracted in an attempt to account for the total cost of procurement. Based on the best value, the Buyer will determine which Supplier will be offered a contract for the product or service quoted.

## **Newly Awarded Parts**

Newly awarded produced parts may require proof of ability to manufacture or produce an acceptable and conforming part. BTD performs initial First Article Inspections on a minimal run quantity. *It is suggested that these parts are provided at no charge.* These initial parts are seen as an effort by the supplier to ensure conforming parts are provided for production purposes long term and therefore will not be counted against PPM if parts are nonconforming upon initial submission.

## **Competitive Pricing**

Suppliers are subject to ongoing quote requests as projects arise throughout the production year and also participate in periodic Requirements Contract Quotations. Suppliers must provide competitive pricing in order to maintain a strong business relationship with BTD. Any price increases on existing and active business will not be accepted prior to a 60 day written notice of such price increase, excluding contracted items. Active business is defined as product procured within the past 60 days. This

allows BTD time to communicate the necessary price changes to its customers and re-price its product appropriately.

## **Purchase Order/Acknowledgment**

After the Buyer has determined which Supplier will be offered the product or service quoted, the Buyer or Scheduler will provide to the Supplier a Purchase Order containing the following information:

- Item Number/Product Ordered
- Desired Quantity
- Desired Date (All dates indicate either our will-call date or our in-house date.)
- Quoted Price
- Purchase Order Terms and Conditions (Ship Via, Payment Terms)
- Additional specifications as needed.

Upon reviewing this information, the Supplier must acknowledge acceptance of the purchase order to the Buyer or Scheduler preferably via email or possibly fax, noting any discrepancies (response within 24 hours is requested). This confirmation is attached to the purchase order for future reference. **Note:** The only exception to this rule is in regard to outside services. Acceptance of our purchase order is given at the point the Supplier signs the bill of lading when the parts are delivered.

## **Purchase Order Changes**

Changes to the Purchase Order, such as changes in price and design or configuration, or other contractual requirements, will be authorized only by the Buyer through a mutual agreement between BTD and the Supplier prior to shipment of the product or service. Changes to the Purchase Order, such as scheduled deliveries, can be authorized by the Buyer or Scheduler through a mutual agreement between BTD and the Supplier prior to shipment of the product or service. Both BTD and the Supplier must confirm such changes in writing.

## **Production Process Changes**

It is suggested that suppliers advise BTD of any process changes to ensure product produced with unproven sources and processes can be addressed appropriately. Examples of these changes are, batch booth vs. line production for outside services, and utilizing different work centers or equipment. BTD does not intend to limit suppliers from alternative means to produce product but, simply needs this to be communicated prior to production. The supplier is liable to BTD and/or its customers for any damages incurred by changing a process from that which has been historically proven without prior notice - especially in the case of safety critical items such as seat belts, clutches, brake discs, etc.

## **Shipping Instructions**

Shipment of products or services shall be per the specific Purchase Order Instructions as well as the standard Packaging and Labeling Guidelines in this manual. If

clarification is required or shipping methods must be changed, please contact the Buyer responsible for approving the order. (See Packaging and Labeling Guidelines-Page 19)

## **Invoicing**

The Supplier shall provide an invoice within a reasonable time (seven days) after the shipment of products or services to BTD. The invoice shall provide at a minimum the following information:

- An invoice number and date of invoice.
- Purchase Order and line item number for the product or service invoiced.
- Item Number of the Product/Service
- Payment Terms.
- The quantity ordered/shipped/invoiced
- The unit price of the product or service invoiced.
- The extended price of the product or service invoiced.
- Freight Charges (if applicable) of the product or service invoiced.
- Taxes (if applicable)
- The Remit-To Address

Invoices must be emailed to: AP.inbox@btdmfg.com.

Invoices are normally processed on a daily basis, and checks for processed invoices are printed and mailed on a weekly basis. Any questions regarding payment of an invoice can be discussed with the Buyer or with the Accounts Payable Specialists at the Detroit Lakes location.

## **Bar-coding**

BTB requires Approved Suppliers of raw materials to use the Code 39-barcode format on all products or services shipped to BTB. Note: Specific information regarding barcode labels can be found in our standard Packaging and Labeling Guidelines in this manual.

## **BTB Raw Material Forecasting**

BTB may provide its suppliers with MRP detail for contracted items on a weekly basis upon request. This information may be available via e-mail and via ECOMMERCE. Please contact your buyer regarding your preferred communication of this forecast information. The Supplier may use this MRP detail as a forecast, considering four weeks firm for planning purposes. Quantities should be delivered with a goal of no under-shipment and up to 5% over-shipment.

## **ECOMMERCE**

BTB requires some suppliers to be ECOMMERCE capable in order to participate in business with BTB. In addition, our suppliers must have a product labeling system that

is congruent with BTB's current bar-coding system. Again, this is a requirement to participate in business with BTB

In order for your company to participate in ECOMMERCE trading with BTB your company must:

- 1) Have the ability to electronically exchange EDI transaction sets: 810, 830, 850, 856, 860, 862, 865 and 997's as well as have expandable capabilities within other transactions sets.
- 3) Have the ability to electronically cross-reference purchased item numbers, as specified by BTB, to supplier (your) part numbers. BTB ECOMMERCE transactions will refer to BTB item numbers exclusively.
- 4) Establish a permanent contact within your company that will be responsible for overseeing the implementation and maintenance of this electronic partnership between BTB and your company.
- 5) Minnesota Suppliers will need to set up a schedule for implementing the ECOMMERCE relationship between your company and BTB. Your initial contact for this project is your current BTB Purchasing Representative. Your Minnesota technical contact is Trevor Johnson who may be reached at 218-846-2849, or via email at [trevor.johnson@btbdfg.com](mailto:trevor.johnson@btbdfg.com). Illinois suppliers, please contact your Buyer.
- 6) Review, approve, sign and return the "Trading Partner Agreement", attached to the BTB ECOMMERCE Guide to be provided by BTB.

Parallel Processing: As with any data based project, there will be a period of time during which you will be expected to process the [new] ECOMMERCE format data in addition to executing your existing procedures. This time is required to make absolutely certain that exchanged data will match existing procedures and that this exchanged data is appropriate for the maintenance of the electronic trading relationship. Beyond that 'parallel' period, you may cease the provision of paper-based documents to support the ECOMMERCE transactions.

### **Past Due Orders/Follow-up**

BTB expects **100%** on-time delivery from its suppliers. We ask that every purchase order and material release be confirmed and that all discrepancies (e.g.: inability to meet requested due date, inconsistent revision, and price discrepancies) be addressed at the time of confirmation. Should unforeseen circumstances arise which affect the availability of the item on its due date, the Supplier must contact BTB **at least 72 hours prior to the due date**. In the event BTB does not provide 72 hours for order fulfillment the Supplier must contact BTB as soon as possible. If BTB is not contacted within these timeframes, this can be deemed as a "late shipments" and will count against the

supplier's on-time delivery rating (See Delivery Performance, Page 13). Additional charges may be levied in accordance with BTB's Recovery Fees policy.

## **Recovery Fees**

**Policy Statement:** BTB Buyers negotiate all charges made to suppliers for costs associated with the receipt of nonconforming material and late deliveries. The fees listed below are guidelines only and are meant to ensure that justifiable expenses incurred by BTB are recovered.

### **Late Delivery**

A \$50.00 charge may apply to situations where BTB arrives at the Supplier's shipping dock to pick up material (parts) that is (are) not available on the confirmed Due Date. All shipments for which the Supplier is responsible (regardless of whether the Supplier is shipping directly or using a third party shipper) that incur additional costs or downtime due to the late shipment are susceptible to reimbursement to BTB by the Supplier.

### **Nonconformance**

The supplier will be issued a debit for the greater value of the parts provided to BTB and logistics costs associated with the nonconformance or a \$100.00 minimum fee. Logistics costs can include, but are not limited to, cost to pick up and drop off the purchased good for rework and logistics costs for expedited deliveries to our customer. The supplier will be issued a straight \$500.00 debit for non-conformances where the quality issue is discovered after die and/or machine setup. This cost accounts for lost machine time, setup time, shipping costs and nonconformance processing costs (invoicing, debit memos, credits to our customers, the buyers' time researching the rejection). BTB reserves the right to put a hold on invoices for parts with past due corrective actions or until acceptable resolutions have been submitted, protecting BTB from future issues. "Line down" charges assessed to BTB by its customer will be passed onto the vendor that is responsible for the nonconformance. This charge directly corresponds to fees incurred by BTB for a customer line down as a result of an internal rejection or late delivery caused directly by a supplier nonconformance or late delivery.

## **Rejected Parts/Material: Vendor Corrective Action**

Any product or service not conforming to BTB's quality requirements will be addressed as follows:

- BTB may rework the parts/material at the Supplier's expense for a cost mutually agreed upon between BTB and the Supplier.
- If it is mutually agreed that the parts/material are to be returned to the Supplier, the parts/material will be returned and the Supplier will receive a debit including the purchased value of the material and any shipping costs incurred.

OR

- The Supplier will rework the parts at no charge and will receive a debit for any shipping costs incurred.
- If it is mutually agreed the parts/material be scrapped, BTD will scrap the parts/material at our facility and will debit the Supplier for the purchased value of the parts/material minus any agreed upon scrap allowance.
- Additional charges may be levied in accordance with BTD's Recovery Fees Policy.

All rejections are subject to Vendor Corrective Action Requests (VCR's). BTD requests that the Supplier respond to the VCR within 7 days of the date of issue. If the Supplier needs additional time to develop an effective corrective action, arrangements must be made with the BTD Buyer who initiated the VCR. Each Vendor Corrective Action response is reviewed and then approved by the Buyer and BTD Quality Representative. If the Corrective Action is not approved, it is returned to the Supplier for further resolution. All Vendor Corrective Actions are subject to Verification of Effectiveness. An anticipated verification date must be included with the Vendor Corrective Action. When the Supplier has verified the effectiveness of the corrective action, he must submit method and proof of this verification to the BTD Buyer that originally requested the Vendor Corrective Action.

### **Other Requirements**

Each new supplier must complete a Supplier Self-Assessment and may also be subject to an on-site assessment.

### **Confidentiality Agreement**

BTD Manufacturing, Inc. (BTD) and the Supplier desire to examine or evaluate a subject of mutual interest relating to possible business relationships between the parties. Accordingly, BTD may find it desirable or necessary to disclose non-public information, which is considered proprietary and confidential by BTD (hereafter "Information"). Such Information may include, but is not limited to, design engineering, financing, marketing, customers, dealers, personnel, and business plan information. All Information will be disclosed for the stated purpose and for no other purpose and the parties and their agents, attorneys, accountants or advisors may review, examine, inspect, have access to or obtain such Information only for the stated purpose, and to otherwise hold such disclosed Information confidential and in trust in accordance with the following understanding:

- 1) The undersigned shall maintain in confidence Information obtained from BTD and use such information for the contemplated purpose stated, and shall not be used for any other purpose nor disclosed to any third party without written consent of BTD. The Information shall be disclosed within the undersigned company only on a need-to-know basis. This Information shall be used only within the confines of the Undersigned company and every person viewing such Information shall be made aware of and acknowledge the existence of this confidentiality agreement. No one outside of the undersigned company shall be given any confidential

- information without the express written consent of BTM, unless said party agrees to execute and be bound by the terms of this agreement.
- 2) The restrictions and obligations of nondisclosure and nonuse shall not apply to information which: (a) is in public domain at the time of disclosure by BTM or which later enters the public domain through no-fault of the Undersigned party; or (b) is in the possession of the Undersigned at the time of disclosure.
  - 3) Upon request by BTM, all Information including but not limited to written printed photographs, drawings, samples, and materials submitted by BTM to the undersigned, or other tangible documents and all copies thereof, shall be returned by the Undersigned to BTM.
  - 4) This information will be held in confidence by the Undersigned for a two year period of time commencing from the date of this agreement, or until BTM earlier amends or releases the Undersigned from confidentiality.
  - 5) Without the prior written consent of BTM, the Undersigned shall not make any public announcement or any release to trade publications or the press, or to any third party, with respect to such business relationship, except as may be necessary in the opinion of the respective counsel(s), to comply with the requirements of any law, governmental order, or regulation.

This Agreement constitutes the entire agreement and understanding between the parties hereto relating to the subject matter thereof. No modification, amendment, or waiver of any provisions of this Agreement shall be valid unless in writing and signed by a duly authorized officer or representative of each of the parties hereto. This Agreement shall be binding on both parties, their agents, representatives, subsidiaries, assignees, or understanding of how we conduct business.

## How do you fit into BTD's procurement model?

There are two types of suppliers working with BTD, Direct and Indirect, defined as follows:

**Direct Supplier** – Direct Suppliers supply product or services that go into the parts we sell to our customers. These are items that can affect the quality of the finished part we provide to our customers. The performance of Direct Suppliers is monitored through our Supplier Program.

**Indirect Supplier** – Indirect Suppliers supply services or parts that do not go into the finished goods we provide to our Customers. Examples of Indirect Suppliers are: Transportation, Tooling, Safety, Maintenance/MRO and professional services. We do not have a specific program to monitor the performance of this supplier group.

*This portion of the Supplier Guide is applicable to the Direct Suppliers only.*

## Performance Assessments for Direct Suppliers

Suppliers falling into the top eighty percent of our direct spend will be assessed for performance on a quarterly basis. All other direct suppliers will be assessed on an annual basis and the assessment will only evaluate PPM and On Time Delivery.

## Supplier Assessment Criteria for Suppliers falling into the top 80% of BTD Direct Spend:

Grade	Score
A	85-100%
B	70-85%
C	55-70%
D	<55%

## Quality

BTB has recognized the importance of the quality of product we provide to our customers. BTB calculates each supplier's quality rating in terms of a rolling annual PPM. BTB specifies that each supplier has a formal quality system that addresses corrective actions including determination of root cause and verification of effectiveness. The quality score is made up of the elements below:

- **PPM Score** - 15% of overall score. A rolling annual number. The total quantity of nonconforming parts divided by the total parts received multiplied by 1,000,000.
  - 1500 or less            100%
  - 1501-4500            66%
  - 4501 – 9000           33%
  - >9000                0%

- **Reactivity to Issues** – 5% of overall score. Does the supplier ALWAYS react to quality issues appropriately and in a timely manner?
- **Timely Corrective Actions** – 5% of overall score. The number of corrective Actions and verifications returned in a timely manner divided by the total opportunities.
  - $\geq 96\%$  100%
  - 90-95% 60%
  - 85-89% 40%
  - 80-84% 20%
  - $< 80\%$  0%
- **ISO Certification** – 5% of overall score. Is the supplier ISO certified?

## Delivery

BTD reviews on time delivery performance, confirmation practices, and reactivity for each Supplier and compiles a Delivery Performance Rating accordingly. The delivery score is made up of the elements below:

- **On-Time Delivery %** - 25% of overall score. A rolling annual number. The total PO lines delivered on time divided by total PO lines delivered.
  - 99-100% 100%
  - 98-98.9% 65%
  - 97-97.9% 35%
  - $< 97\%$  0%
- **Packaging & Labeling Requirements** – 5% of overall score. Is the supplier compliant to BTD’s packaging and labeling requirements?

## Cost Assessment

Over the years, BTD has grown to appreciate the mutual benefits of partnering with both Customers and Suppliers. Many of our customers demand cost decreases on an annual basis. We’ve been able to provide these decreases by thinking creatively and improving processes, not just cutting margins. The cost assessment score is made up of the element below:

- **Cost Savings %** - 15% of overall score. A rolling annual number. The total amount of quantifiable process improvements, improved responsiveness, value added, and cost savings totaled and divided by the last 12 months spend. Each supplier is responsible for pursuing and submitting these savings suggestions to their respective buyer.
  - $> 3\%$  100%
  - 2-3% 66%
  - 1-2% 33%
  - $< 1\%$  0%

## Safety

5% of overall score. A safe work environment is very important to BTM. On occasion we receive material or parts from our suppliers packaged with a safety risk to employees. When this occurs, the supplier will not receive the Safety points on the assessment.

## Business Practices

As a company that prides itself on being at the forefront of business technology, BTM seeks suppliers with the same cultural perspective. This section rates the supplier's ability to meet BTM's expectations in terms of Packaging Requirements, Business Support, and Participation in Electronic Commerce. The business practice score is made up of the elements below:

:

- **Quote Responsiveness** - 10% of overall score. Does the supplier respond to quotes within the requested time?
  - Yes 100%
  - No 0%
- **Business Process** – 5% of overall score. Does the supplier effectively support BTM's staff in terms of prompt acknowledgements, accurate invoicing, etc?
  - Yes 100%
  - No 0%
- **New Part Process** – 5% of overall score. Does the supplier provide initial FAIR parts and material certifications as needed?
  - Yes 100%
  - No 0%

## Supplier Assessment Criteria for Suppliers falling into the category of less than 20% of BTM Direct Spend:

These suppliers will be assessed on an annual basis. The assessment will be based upon PPM and On Time Delivery Performance.

## Quality

BTM has recognized the importance of the quality of product we provide to our customers. BTM calculates each supplier's quality rating in terms of a rolling annual PPM. BTM specifies that each supplier has a formal quality system that addresses corrective actions including determination of root cause and verification of effectiveness. The quality score is made up of the elements below:

- **PPM Score** - 35% of overall score. A rolling annual number. The total quantity of nonconforming parts divided by the total parts received multiplied by 1,000,000.
  - 1500 or less 100%

- 1501-4500                    66%
  - 4501 – 9000                33%
  - >9000                        0%
  
- **Reactivity to Issues** – 5% of overall score. Does the supplier ALWAYS react to quality issues appropriately and in a timely manner?
  
- **Timely Corrective Actions** – 5% of overall score. The number of corrective Actions and verifications returned timely divided by the total opportunities.
  - $\geq 96\%$                     100%
  - 90-95%                      60%
  - 85-89%                      40%
  - 80-84%                      20%
  - <80%                        0%
  
- **ISO Certification** – 5% of overall score. Is the supplier ISO certified?

## Delivery

BTD reviews the on time delivery performance, confirmation practices, and reactivity for each Supplier and compiles a Delivery Performance Rating accordingly. The delivery score is made up of the elements below:

- **On-Time Delivery %** - 45% of overall score. A rolling annual number. The total PO lines delivered on time divided by total PO lines delivered.
  - 99-100%                    100%
  - 98-98.9%                  65%
  - 97-97.9%                  35%
  - <97%                        0%
  
- **Packaging & Labeling Requirements** – 5% of overall score. Is the supplier compliant to BTD’s packaging and labeling requirements?

## What does your grade mean to you?

The assessment score is very important to BTD and performance in all of these areas is taken into consideration when comparing quotations for all awarded business. Suppliers with a performance at a grade “A” will have an advantage over a supplier assessed at a level C or D.

In addition, when a supplier scores a grade “D” on their annual assessment or scores two consecutive quarters with a grade “D” without improvement in the score, the supplier is placed on probation. The terms of probation are listed below:

## Probation

1. While the supplier is on probation, "SUPPLIER ON PROBATION" will be printed out on each Purchase Order.
2. A written action plan to correct the "D" related deficiencies is required within 14 days from the date the Supplier is notified that they've been placed on probation.
3. Monthly probation update meetings will be held with the Supplier and Buyer to review the progress. Quality and Sales will be invited when necessary.
4. The probationary supplier is removed from probation status once they have shown two consecutive months of improved performance on the deficiency(ies).

## General Purchase Order Terms and Conditions

1. **Acceptance** - A purchase order constitutes an offer made by Purchaser referred to in Purchaser block on front of a purchase order. Return of the acknowledgement copy of a purchase order, signed by Vendor, delivery of part or all of the goods specified, or rendering of part of all of the services specified, will signify Vendor's unconditional acceptance of Purchaser's offer. If Vendor desires any modification whatsoever in Purchaser's offer, Vendor shall notify Purchaser in writing. This offer expressly limits acceptance to the terms stated in a purchase order. The terms and conditions set forth in order constitute the entire agreement between the parties, hereto, and no modification hereof shall be binding unless mutually agreed to in writing. The receipt by Purchaser of any quotation form, sales confirmation or other proposal shall not, in the absence of a written acknowledgement by Purchaser expressly agreeing to same, have the effect of changing in any manner or adding to the terms and conditions hereof.
2. **Changes in Order as Accepted** - Purchaser reserves the right at any time to make changes in time of delivery, drawings and specification, and material used or work covered by an order. If any such change causes an increase or decrease in Vendor's performance, then an equitable adjustment in price and time for Vendor's performance can be made, either for the benefit of Vendor or Purchaser, as the case may be, and this order modified accordingly, in writing.
3. **Prices** - The prices on an order are in effect and may be altered only through agreement evidenced by written revision of an order before the material is delivered.
4. **Defective Goods** - If drawing and specifications are furnished by Purchaser, approval of any sample, receipt of goods, or materials, or payment for any goods or materials, by Purchaser, shall not constitute a waiver of such inspection or an acceptance of such goods or materials, or relieve Vendor of any of its obligations and warranties under a purchase order nor relieve Vendor from strict and full compliance with such drawing and specifications. Articles or goods not conforming to such drawing and specifications may be rejected and returned by Purchaser for credit or refund of purchase price. The risk of loss with respect to

all non-conforming goods and materials shall be borne by Vendor. Transportation charges for shipment to Purchaser and all expenses of unpacking, examining, repacking, storing, and transportation cost to reship such non-conforming goods and materials shall be paid by Vendor

5. **Material Furnished** - Title to all material furnished by Purchaser on other than a charge basis shall at all times be and remain in Purchaser. Vendor agrees to account for all such materials to the sole satisfaction of Purchaser or pay Purchaser for all costs to replace such materials. Material furnished by Purchaser shall be kept separate from other materials and shall be clearly identified as property of Purchaser. Vendor assumes all liability for loss or damage and agrees to supply detailed statements of inventory as requested. Vendor agrees to notify Purchaser of each receipt of material furnished, either directly or through a third party, by the Purchaser.
6. **Additional Parts** - Purchaser shall have the right to purchase from Vendor additional parts for service requirements at a negotiated price until such time as Purchaser has authorized tool disposition.
7. **Patent Indemnity Clause** - Vendor hereby warrants that the goods purchased hereunder and the sale or use of them will not infringe any United States Letters Patent and foreign Letters Patents or Trademarks. Vendor agrees to indemnify and hold harmless Purchaser, its successors, assigns customers, and users of its products against any loss, damage, liability, costs, and expenses which may be incurred as a result of, and/or in defending or settling any suit, claim, judgment or demand involving infringement or alleged infringement of any United States Letters Patent and foreign Letters Patents or Trademarks by the sale or use of the goods purchased hereunder. Vendor agrees that it will, when so requested, provided it is given reasonable notice of the pendency of any such suit, claim, or demand, assume the defense of Purchaser, and/or its successors, assigns, and customers, and users of its products against any such aforementioned suits, claims, or demands.
8. **Vendor's Warranty** - Vendor warrants that all products, goods, and services, delivered or furnished pursuant to an order will conform strictly to specifications, models, drawings, samples, and descriptions furnished or designated by Purchaser, and will be merchantable, of good material and workmanship, and products of goods of Vendor's design will be fit in every respect for the purposes intended. Vendor's warranty is for Purchaser, its successors, assigns and users of its products, and shall be construed as a condition as well as a warranty.
9. **Compliance with Laws** - Vendor agrees to comply with all applicable State, Federal, and Local laws, orders, and regulations.
10. **Contravening Law** - Should any term or provision contained in the contract contravene or be invalid under applicable law, the contract shall not fail by

reason thereof, but shall be construed in the same manner as if such term or provision had not appeared therein.

11. **Delays and Terminations** - Vendor agrees to notify Purchaser immediately of any matters or events that may delay delivery of the goods or services herein ordered. Neither party shall be liable for failure of performance due to strikes, fires, accidents, acts of the government including any preference, priority, or allocation order or other causes beyond its control. Vendor understands and agrees that time is of the essence of a purchase order and further agrees that deliveries will be made in such quantities at such times and at such places as Purchaser may from time to time direct and Purchaser has the right to reject any shipment which does not conform to such directions and to return such goods or materials to Vendor, at Vendor's risk and expense. The happening of any of the following events shall be grounds for immediate termination by Purchaser, insolvency of Vendor, the filing of a voluntary petition in bankruptcy by vendor; the filing of an involuntary petition to have Vendor declared bankrupt, provided it is not vacated within thirty (30) days from date of filing; the appointment of a Receiver or Trustee for Vendor provided such appointment is not vacated within thirty (30) days from the date of such appointment; the execution by Vendor of an assignment for the benefit of creditors, or in the default by Vendor under any of the General Conditions or other terms of a purchase order.
12. **Dies, Tools, and Patterns** - If a purchase is for special dies, jigs, tools, and patterns for use in the manufacture of goods for Purchaser, or if the price is to be paid for the goods on the face of an order includes the cost of dies, jigs, tools, and patterns for use in the manufacture of goods for Purchaser, then such dies, etc. shall be and become the property of Purchaser, and shall be clearly identified as the property of Purchaser, at any time without further charges of any nature. Such dies, jigs, tools, and patterns shall be kept in good condition by Vendor, without expense to Purchaser, excepting the actual cost of changes due to Purchaser's change of design or specifications, which shall be paid by Purchaser. Such tools, dies, jigs, and patterns shall not be used to fill purchase orders other than those of Purchaser or be disposed of, except with the written consent of Purchaser. Upon cancellation or termination of a purchase order for any reason whatsoever, Vendor shall prepare such tools, dies, jigs, and patterns for shipment and dispose of them as Purchaser shall direct. Vendor agrees to insure against the loss, damage, or destruction of such dies, jigs, tools, and patterns, and will hold Purchaser harmless from any loss, damage, or the like to such dies, etc., and further agrees, at Vendor's expense, to replace or pay Purchaser the cost thereof in the event of such occurrence which is not caused by the fault of Purchaser.
13. **Title to Drawings and Specifications** - Purchaser shall at all times have title to all drawings and specifications furnished by Purchaser to Vendor and intended for use in connection with a purchase. Vendor shall use such drawings and specifications only in connection with a purchase order and shall not disclose

such drawings and specifications to any person, firm or corporation other than to necessary Vendor's employees, subcontractors or government inspectors. Vendor shall upon Purchaser's request, promptly return all drawings and specifications to Purchaser.

14. **Cancellation by Purchase** - Purchaser reserves the right to cancel an order, or any part thereof, at any time, though the Vendor is not in default hereunder, on 60 days written notice to Vendor in the event of such cancellation. Purchaser shall pay for all goods and services delivered, completed, and acceptable to Purchaser. Purchaser shall not be liable for any cancellation charges, penalties, costs, damages or other liabilities. Exercise by Purchaser of the rights to cancellation reserved in this Paragraph (14) and Paragraph 11 hereof shall give rise to not liability on the part of Purchaser, and shall not have the effect of waiving damages to which Purchaser might otherwise be entitled.
15. **Cancellation by Vendor** - In the event that Vendor desires and requests, in writing and receives permission for, cancellation of an order prior to the completion of the services or delivery of the total goods specified herein, Purchaser shall not be obligated to pay Vendor the goods and materials in process, but shall only be obligated to pay Vendor for those finished goods delivered, or services rendered, which are acceptable to Purchaser, as of an effective date of such cancellation, which date shall be the date of acknowledgement and agreement by Purchaser to Vendor's desire to cancel an order, provided, however, that Purchaser shall be obligated to pay for the tools, dies, jigs, and patterns included under an order only to the extent that such tools, etc., have been completed to the specifications therefore, or to the specifications of the goods for which such tools, etc., are being built, as of the effective date of such cancellation; and provided, further, that such tools, etc., regardless of the percent of completion, are readily adaptable for use by Purchaser in its own or another vendor's manufacturing facilities. Nothing in this paragraph is intended, nor should such be implied, to be a waiver of Purchaser's legal or equitable rights or remedies for breach of the terms of a purchaser order.
16. **Indemnification** - Vendor shall take all necessary precautions to prevent the occurrence of any injury to person or property during the progress of the work contemplated hereunder and, except to the extent that any such injury is due solely and directly to Purchaser's or its Customer's negligence, as the case may be, shall indemnify and hold harmless Purchaser against all claims, liability, costs, expenses or loss which may result in any way from any act or omission of Vendor, its agents, employees or sub-contractors, and Vendor shall maintain such Public Liability, Property Damage, Employee's Liability, and Compensation Insurance as will protect Purchaser from said risks and from any claims under any applicable Workmen's Compensation and Occupational Disease Acts.
17. **Assignment and Subcontracting** - An order may not be assigned or subcontracted in whole or in part, nor may any assignment of any money due or

to become due hereunder be made by Vendor without the prior written consent of Purchaser.

18. **Use of Purchaser's Names** - Vendor agrees not to use Purchaser's name, trademarks of the like in Vendor's advertising, or to show parts made for Purchaser in Vendor's advertising with Purchaser's name, or otherwise use Purchaser's name, trademarks or the like to promote Vendor's sales without prior written permission of Purchaser.
  
19. **Nondisclosure and Confidential Information** - Vendor agrees that for a period of three (3) years from the date of each receipt of written information marked Proprietary or Confidential, or information disclosed orally and identified orally as Confidential or Proprietary at the time of disclosure and reduced to writing and delivered to the Vendor within ten (10) days after disclosure, the Vendor shall not disseminate or publish such information to any other person, firm or corporation, and shall use the same degree of care to avoid publication or dissemination of such information as the Vendor employs with respect to its own information which it does not desire to have published or disseminated. Nothing contained in this nondisclosure agreement, or other paragraphs of this document, shall be construed as granting or conferring any rights by license or otherwise, expressly impliedly, or otherwise, for any invention discovery or improvement made, conceived, or acquired prior to or after the date of an agreement.

## **Packaging and Labeling Guidelines**

### **Minnesota Raw Material Packaging:**

#### **Coil Specifications:**

18-20" ID (The only exception is the 800 ton which requires a 24-26" ID)

72" Maximum OD

Width: +/- .005 unless specified

6500# Max Wt (call for exceptions)

Eye to the Sky, unless Coil is over 15" Wide in which it should be non-skidded eye to side (call for exceptions). When shipping stand Up Coils there must be 3 inches of space between the coils.

If multiple like coils are on the same skid, there must be 1.5" or greater spacers between the coils.

\*\*\*Note: In situations where these rules cannot be followed, arrangements need to be made with your buyer.

#### **Sheet Stock/Blank Specifications:**

4400# Max Wt (<80" Long)

3000# Max Wt (80"> Long)

Must be palletized

**Bar/Strip/Tube Specifications:**

Bar and Strip - 3000# Max Wt on a skid <120" OR

Bar and Tube Full Length Bundles - 6600# Max Wt

NOTE: Full Length Bundles of bar and tube need to be 15"x30" and a max weight of 6600#'s, whichever is less.

Must be blocked or palletized – if blocked, load must be supported safely and without damage due to shifting in transit.

**Subassembly Parts/Fasteners:** Boxed as necessary.

**Pallet Specifications:**

Runners not more than 42" Apart

48 x 120      2 Runners, 120" Long

48 x 144      2 Runners, 144" Long

48 x 60        3 Runners, 48" Long

Pallet must effectively support product through shipment without damage.

Pallets must allow forklift entry from all sides unless previously approved in writing.

Parts with a service performed on them not in a raw state must be packaged so the parts do not hang off the pallet or over the side of the container.

NOTE: ALL ITEMS TO BE PACKAGED ONE ITEM NUMBER PER SKID

**Illinois Raw Material Packaging:**

**Plate/Torch Dock:** Maximum lift is 15,000 lbs.

Material to be palletized with perpendicular runners.

**Sheet/Plate Shear Dock:** Maximum lift is 10 tons.

Do not mix widths and lengths. One size per pallet.

**Bar/Pipe/Tube Dock:** Maximum lift is 15,000 lbs.

Must be bundled.

**Raw Material Labeling**

Each raw material unit (pallet or box) must be labeled with a barcode label (illustrated below) that measures at least 4" by 6". Barcode format is code 39. Labels must be wired to the banding on coil items, attached with an adhesive backing on boxes, and stapled on the length side of pallets for sheet stock (e.g.: if sheet size is 48x120, label will be attached on the 120" side). In all cases, the label must be placed on the visible side of the box or pallet.

**Required Fields are:**

Purchase Order Number    Need not be a Scannable Field

BTD Item Number            Must be a Scannable Field (Required Identifier "P")

Quantity                      Must be a Scannable Field (Required Identifier "Q")

Unit of Measure	Must be a Scannable Field
Lot Number	Not Scannable Field (Required Identifier "S")
Production/Ship Date	Not Scannable Field

**Optional Fields are:**

Permanent Location  
Purchase Order Line/Release  
Supplier Number

**NOTE:** Additional fields that will be **required** as we move towards paperless receiving are Purchase Order Line and Release, and Location. Once paperless receiving is fully implemented, the Purchase Order and the Purchase Order Line and Release fields will need to be scannable.

**Outside Service Packaging**

Parts to be re-packaged in the containers sent by BTM with the same quantity as received or packaged as deemed necessary by the Supplier to protect the quality of the part. Quantities on the labels should reflect the accurate count in the container. (Containers marked "Return to BTM" must be returned to BTM.) All additional packaging costs must be accounted for at point of quotation. Part specific special packaging will be noted on individual purchase orders.

**Outside Service Labeling**

Returning shipments to BTM will require labels on each container/pallet/carton, etc. with the following information:

BTD Part Number,  
Part Revision Number/Letter (if applies),  
Quantity of parts in the container,  
And BTD purchase order and line item number.

## LIST OF DEFINITIONS

**ASTM:** American Society for Testing and Materials

**Approved Supplier:** A supplier who has been approved to supply products or services used by BTD production parts or services.

**Audit:** A formal check of a Supplier's quality systems against BTD quality standards as specified in our Supplier Systems Audit.

**Due Date:** Refers to the date on which purchased parts, materials, etc. are due to be picked up by BTD or if BTD Truck is not the ship method the date on which purchased parts, material etc. are due on BTD's dock. (Note: Product to be available by 8:00 am on its due date when the ship method is will call by BTD.)

**Inspectionless:** Referring to Inspectionless receiving, a process by which the quality of material received from Certified Suppliers is accepted without any form of inspection. It is our expectation that the material has passed through all quality checks at the Supplier.

**MRP:** Material Requirements Planning

**Nonconformance:** Report of quality failure. Does not meet print, application or PO description.

**Outside Services:** Services that add value to work in process – for example plating, painting, welding, machining, cleaning.

**PPM:** Parts per Million. PPM is measured by dividing the total units rejected (within the rating period) by the total parts received (within the same period) and multiplying by 1,000,000. PPM is calculated on a cumulative basis.

**Receiving Inspection:** Process by which the quality of material(s) is verified upon receipt.

**Supplier:** Vendor/Provider of goods or services, including sub-contractors.

**Verification:** To confirm or prove by evidence to be true.

**VCR:** Vendor Corrective Action Request

**Vendor:** Term used interchangeably with Supplier

**VOE:** Verification of Effectiveness