



ACTEON

ENGINEERING,
MOORINGS AND
FOUNDATIONS

SUPPLIER MANUAL OF THE MARINE FOUNDATION COMPANIES

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MARINE FOUNDATIONS

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1 GENERAL

1.1 About ACTEON

ACTEON is a worldwide respected global partner for the installation, maintenance and dismantling of marine infrastructure. ACTEON supports marine projects for the offshore renewable energy, nearshore construction and oil and gas industries by providing services with proven commercial and environmental benefits that enable the energy transition.

One of ACTEON's top priorities is to reduce the project footprint and create commercial value by developing solutions that minimise the equipment and resources required to complete a task. We can do this, for example, by designing and operating our equipment in such a way that the vessel size requirements for an installation project can be reduced. At the same time, we focus on minimising the environmental impact of operations by providing services that reduce carbon emissions, limit environmental impact or restore the seabed to its natural state.

ACTEON offers a fully integrated range of products and services tailored to customers' needs and a strong platform for delivering commercial benefits. This includes optimising supply chains so that we can deliver excellence wherever we operate.

1.2 About the "MARINE FOUNDATIONS" business segment

In order to align itself optimally with customer needs, ACTEON has divided its strategic segments and business units into three divisions:

Data and Robotics / Engineering, Moorings and Foundations (Marine Foundations) / Energy Services.

The business segment "MARINE FOUNDATIONS" of ACTEON Group Ltd. includes the individual companies

- MENCK GmbH (Germany)
- MENCK Pte. Ltd. (Singapore)
- Large Diameter Drilling Ltd. (Great Britain)
- LDD Australia Pty. Ltd., (Australia)

These are complemented by the LM Handling and Core product lines, which are serviced and traded by LDD Australia Pty. Ltd. and Large Diameter Drilling Ltd. respectively.

These individual companies are collectively referred to as MARINE FOUNDATIONS - COMPANIES and are hereinafter referred to as "MFC" , "we" , "us" , "our" or "ours" in this Supplier Manual.

1.3 Background and objective of this supplier manual

We serve the needs of our customers worldwide with our quality products and our reliable, round-the-clock service.

With a focus on continuous, sustainable growth, we focus on our core competencies. This results in the need for strategic partnerships and the questioning of classic customer-supplier relationships. We can only achieve its visions if the respective partners are basically ready

- To secure and continually improve production and supply networks
- unconditionally commit to the supply of quality products
- Promote innovations and implement them sustainably.

We deliver timely quality products and services that meet the needs of our customers. This is only possible if we have suppliers who provide us with sustainable and reliable quality we demand at competitive prices.

We strive for a high quality and lasting partnership with our suppliers. The quality of the partners in terms of competence, flexibility and reliability and the quality of the interaction of the entire supply chain determine the satisfaction of our customers and thus the competitiveness of our companies. In order to meet the ever-increasing demands of our customers for quality and flexibility in the future, we need capable partners who want to get involved beyond basic requirements and work together with us to meet the challenges of the future.

We have produced this manual on our own initiative to the best of our conscience, whereby we have also resorted to common, published in the German industry and published standard texts that are not protected by copyright. If text passages occur in other similar written works, this is purely coincidental.

1.4 Objective and application area of this supplier manual

In this Supplier Manual, we explain our basic requirements for suppliers, especially with regard to quality management, organisation, service and communication, as well as the "Code of Conduct for Suppliers (Supplier-Code-Of-Conduct)", which is binding for suppliers. It thus serves as the basis of the business relationship.

The content of this supplier manual must be considered by suppliers who supply or will supply us with goods and / or services (hereinafter also referred to as "Contractual Products"), regardless of where the suppliers are located or where the transfer of risk is defined.

2 GENERAL REQUIREMENTS

2.1 Basic requirements profile

Mandatory compliance with the Supplier Code of Conduct can ensure that the legal requirements for due diligence are adhered to by all parties!

In addition, the basic requirements for our suppliers are derived from the demands of our quality management system and our Health, Safety & Environment Policy (HSE). In doing so, we also implement the requirements of DIN EN ISO 9001 while taking into account the standards DIN EN ISO 14001 and ISO 45001.

This manual does not replace the requirements of the standards mentioned but supplements them with our own strategies.

The strategic orientation of our procurement management is based on the economic and ecological requirements identified by us. It goes without saying that we and our partners focus on long-term mutual economic benefits. We build on cooperation and continuous improvement of services and processes in partnership. The focus is on the satisfaction of our customers and employees, as well as the safety and care of all persons involved and the protection of the environment.

That is why we prefer suppliers who identify with our quality standards and whose corporate philosophy is similar to ours.

Our success is based on trust, openness and the reliability of our products!

Long-term partnerships with specialized suppliers enable the best possible development status of all components. Thus, we can guarantee resource-saving processing at the highest quality level - with optimal prices for our customers and the greatest possible success for the partners involved. We expect the following properties from our suppliers:

- Provision of the ordered goods and services in the quality required by us
- Delivery and contract loyalty
- Competitive and efficient prices
- High flexible response to fluctuating demand
- Active, committed cooperation in the development of cost-effective, production-ready solutions
- Establishment, adherence to and maintenance of quality management according to ISO 9000ff
- Willingness to continuously review and optimize the quality of communication and logistical cooperation
- Willingness to sign our confidentiality agreement
- Willingness to conclude a framework and / or quality assurance agreement with us
- Disclosure of the product development processes and their supply chains that apply to our components.

2.2 Compliance with legal requirements, regulations and guidelines

The basis for cooperation is that all our suppliers undertake to comply with the laws, regulations, ordinances and guidelines (hereinafter also referred to as "legal provisions") that apply to the respective MFC. Thus, the following applies for business relations with

- MENCK GmbH (Germany): legal provisions of the Federal Republic of Germany and the European Union
- MENCK Pte. Ltd. (Singapore): Singapore legal provisions
- Large Diameter Drilling Ltd. (Great Britain): legal provisions of Great Britain
- LDD Australia Pty. Ltd (Australia): legal provisions of Australia

The applicable "legal provisions" and standards are to be regarded as minimum requirements, even if they are not explicitly referred to in individual cases. In case of doubt, the recognised current state of science and technology applies here.

2.3 Information on the manufacturing processes and supply chains

For the assessment of procurement risks and in order to be able to meet the possible demands from sales projects or legal requirements, suppliers must disclose to us the manufacturing processes and supply chains used in the product creation / service provision of our items / our products. We must be notified in writing of any changes to this. This also includes information about which service processes are carried out externally by sub-suppliers ("extended workbench" process").

2.4 Product liability

We presuppose that for the duration of the business relationship with us, the supplier maintains product liability insurance which covers, among other things, recourse claims due to recall actions or other measures in the market. If a supplier has not taken out such insurance, he must inform us of this before accepting our order. Upon our request, the supplier will disclose the insurance policy for inspection.

2.5 Requirements in relation to customs and foreign trade regulations

It must be assumed that we will export the contractual products supplied by the supplier or that these will become part of a product intended for export. Import and export regulations are therefore very important for us and must also be complied with by the supplier.

Due to our international activities, we must comply with different regulatory requirements. We can only fulfil parts of these requirements if the suppliers concerned support us pro-actively. We expect the suppliers concerned to provide us with the information and documents requested in our orders in due time.

In order to keep the administrative effort for both sides as low as possible, we expect the supplier to provide the following information for each delivery item in his order confirmation, at the latest on his invoice:

- Country of Origin
- Customs tariff number (HS code)

It should also be noted that the Export Control Classification Number (ECCN) must be indicated for export goods of US origin.

Certificate of origin

If the conditions for a supplier declaration are not fulfilled, we need a certificate of origin from the supplier. In this case, the supplier must request a corresponding certificate from its competent chamber of commerce and pass it on to MENCK ("Procurement Department") in the original.

Supplier declaration / Longterm supplier declaration

As proof of the preferential origin of imported goods, we request a supplier's declaration "LD" or a long-term supplier's declaration "LSD" (for MENCK GmbH: according to EEC) if required.

For a long-term supplier declaration, the supplier receives a form prepared by us. The supplier is obliged to check, complete and correct this and return it to MENCK within five (5) working days to the MENCK procurement department.

Dual-use goods

If a supplier delivers goods to us that fall under the current EC Dual-Use Regulation, he must proactively inform us of this in writing in his order confirmation at the latest.

Export restrictions

If a supplier delivers goods to us that were / are manufactured outside the USA but the proportion of US materials used exceeds the minimum threshold, he must proactively notify us of this in writing in his order confirmation at the latest.

2.6 Data protection / processing of personal data

We process the company and personal data transmitted to us, which we receive during the business start-up phase and / or in the context of our business relationship from interested parties and / or suppliers or their representatives / authorized representatives or employees. These include, for example, name, address, telephone numbers, e-mail addresses, object data and other data that we need to process business activities.

3 CODE OF CONDUCT FOR SUPPLIERS (SUPPLIER-CODE-OF-CONDUCT)

The MFC Supplier Code of Conduct (hereinafter referred to as "Supplier Code of Conduct") is a separate MFC document that sets out minimum sustainability requirements and standards for all MFC suppliers in the following areas:

- Social responsibility
- Ecological responsibility
- Ethical business conduct

The Supplier Code of Conduct is based on MFC's Quality, Health, Safety, Environment (QHSE) Policy, MFC's compliance requirements and international conventions and standards such as the United Nations Global Compact, the OECD Guidelines, the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

The Supplier Code of Conduct is a fundamental part of the agreements between the supplier and the relevant individual companies of MFC.

This Supplier-Code-Of-Conduct is available on the websites of the responsible individual companies <https://acteon.com/marine-foundations/menck/supplier-lounge/> or <https://acteon.com/marine-foundations/ldd/supplier-lounge/>.

Our Supplier Code of Conduct can also be requested from the Procurement Department of the relevant individual MFC companies.

4 SUPPLY CHAIN MANAGEMENT

We divide the procurement process of goods and/or services into operational and strategic tasks (supplier management).

Our Supply Chain Management (SCM) department is responsible for supplier management and the exploration of procurement markets. Our SCM is thus concerned with the systematic management of the relationship between us and our suppliers.

If market changes or new performance requirements make it necessary to enter into business relationships with new suppliers, it is the task of SCM to examine whether cooperation with new suppliers could result in added value for us.

Companies wishing to apply to us as a supplier should send their information (company data, company presentation, range of services, etc.) in writing to the SCM (see chapter "Communication").

A central part of our supplier management system is supplier qualification. The supplier qualification process is understood to mean the inclusion / approval or blocking of a supplier in our system. This process is applied regularly and recurrently and includes the following main criteria

- Due- Diligence-Review
- Risk management within the procurement line
- Securing the supply chains and delivery capability
- Supplier agreements
- Supplier evaluations
- Supplier audit

New potential suppliers and existing suppliers must undergo our supplier qualification process. During the supplier qualification of existing suppliers (re-qualification), the delivery behaviour (delivery performance) and the compliance with or implementation of agreed criteria are also considered during the approval process.

Important:

The inclusion of new company contacts in our systems does not yet constitute approval for the supply of individual items!

Further measures, such as product process audits, supplier assessments, specification clarifications, initial sampling, etc., are necessary for the release for delivery of items (item delivery approval).

4.1 Due diligence review

Our due diligence is a permanent, ongoing process that aims to minimise or eliminate any risks for us and to comply with legal requirements. Due diligence review is carried out during the intake, qualification and also re-qualification of suppliers / potential (new) suppliers.

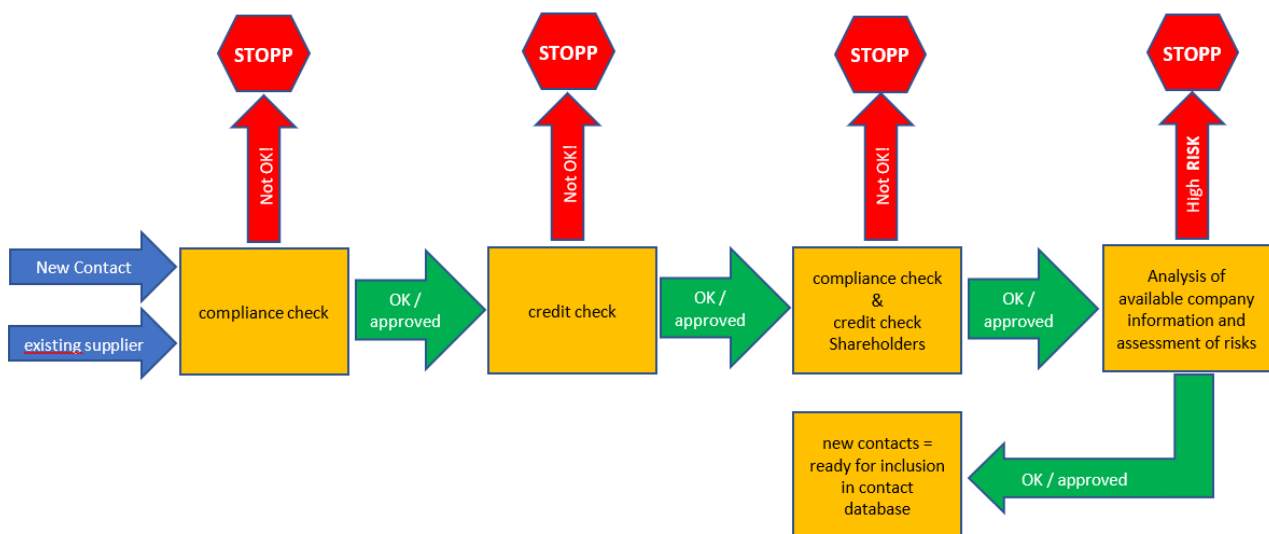
Companies, shareholdings and also persons who do not pass our due diligence check, e.g. due to an entry in the sanctions lists, are immediately blocked in our systems and business activities are discontinued! Potential (new) suppliers are rejected by us.

Our due diligence comprises

- Checking the company data and the persons involved against the sanctions lists
- Credit assessment
- Review of the shareholder structure
- Analysing the available corporate information and assessing risks

Due Diligence-Aufnahmeprozess „potentielle Neu-Lieferanten in Kontaktdatenbank“

Due Diligence-Process for adding "potential new suppliers to the contact database"



4.1.1 Creditworthiness / financial stability / shareholder structure

In order to keep risks in the procurement line as low as possible for us, reliable business partners are imperative. This requires a good financial situation and also stable structures at suppliers. We therefore check our suppliers and potential new suppliers, as well as their shareholders, with the help of renowned credit agencies.

4.1.2 Supplier self-disclosure (supplier questionnaire)

We also use our supplier questionnaire to analyse basic company data and assess risks in our procurement process.

Basically, we use our supplier questionnaire if a supplier shall supply us with goods and/or services that are / will be manufactured according to our specifications, drawings and/or data (DRAWING PARTS).

4.2 Risk management within the procurement line

Our risk management within the procurement line (supply chains) deals with the

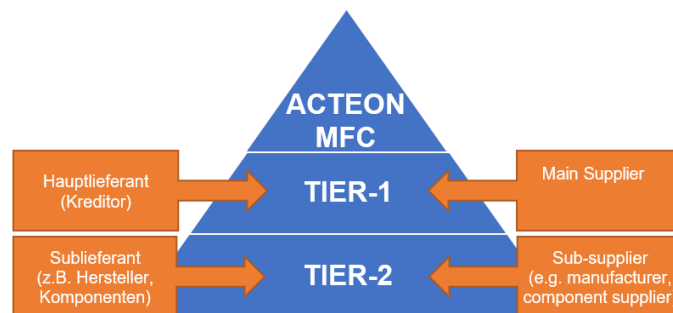
- **Risk identification:** Is there a risk for us? - If YES, what is it?
- **Risk assessment:** How great is the risk of quality deviations or even loss of quality for us?
- **Risk communication:** If a risk is identified: comprehensible involvement of our internal specialist departments and, if necessary, involvement of the supplier.
- **Risk management:** If the risk of quality deviations or even quality loss is considered to be high, then measures for risk avoidance, risk reduction, risk transfer and risk prevention must be taken and established in a sustainable manner.
- **Risk verification:** Measures introduced must be monitored and evaluated.

The result of this risk management is included in the supplier evaluation and can lead to the blocking of the suppliers concerned if the risk of a supply chain is too high.

4.3 Securing the supply chains and delivery capability

We classify our supply chain as follows:

Lieferketten-Einteilung // supply chain classification



Insofar as we have ordered goods and / or services from a supplier (individual order, framework orders, consignment contract, etc.), 100% of the individual responsibility for ensuring delivery is with the supplier. For us, this means that the supplier maintains a low-risk procurement management and selects and monitors its suppliers according to the quality requirements at hand. This requires that the supplier has established a structured procurement management.

The supplier is obliged to ensure the availability of the required raw materials, semi-finished products and/or purchased parts as well as the securing of resources to produce the subject matter of the contract.

The planning of resources and the safeguarding of one's own supply chains are absolutely essential. We check these intensively during supplier audits.

Delay in delivery due to non-delivery of subcontractors cannot be accepted!

The following points can counteract delivery delays:

- Regular monitoring of delivery dates
- Regular monitoring of completion dates
- Preventive measures (e.g. to prevent accidents and loss of resources)
- Buffer storage (own or at subcontractors)
- Minimum stocks (of finished goods, raw materials and purchased parts)
- Contingency plans (for example, in case of bankruptcy or elemental damage)
- Framework contracts and / or quality assurance agreements with suppliers
- Batch size and delivery time optimization
- Tool ownership and management
- Second source of supply / Second-Source
- Systematic monitoring of endangered suppliers

4.4 Supplier agreements

In order to minimize risks in our procurement line, we will increasingly sign individual agreements with our suppliers in written form.

We favour our own agreement templates, which we will send to individual suppliers as a basis for negotiation, if necessary. These are among others

- **Non-Disclosure Agreements (NDA)**

An NDA is mandatory for us if information must be exchanged that contains sensitive and confidential data for us. A non-disclosure agreement must be agreed in writing before disclosing confidential information!

This is the case, for example, if a supplier shall supply us with DRAWING PARTS.

- **Quality Assurance Agreements (QAA)**

For direct material suppliers who supply us with DRAWING PARTS or shall supply us with DRAWING PARTS, further information must be available, and criteria must be met: This serves to minimise risks and define the mutual understanding of quality. The requirements of this are mandatory and apply overrulingly.

- **Framework agreements (FA)**

(basically include applicable regulations such as terms of payment, terms of delivery, warranty, etc.)

4.5 Supplier evaluation

The supplier evaluation is carried out at regular intervals and takes the following criteria into account:

Hard facts = assessments of delivery performance resulting from all incoming goods inspections carried out and behaviour in the field. These include:

- Quality performance
- Delivery reliability
- Quantity reliability

Note: Recurring poor performance assessments, but also failure to comply with commitments from the supplier, lead to the blockage of the supplier in our system!

Soft facts = Evaluation of the internal supplier assessment / supplier audit codes

■ Supplier Evaluation / Supplier Audit Codes

The result of a negative supplier evaluation is communicated to the relevant supplier and can be part of development discussions between the procurement department and the supplier.

4.5.1 Evaluation of the quality performance

The supplier evaluation registers all incoming goods inspections according to specified evaluation criteria. Regular internal evaluations of the quality situation of the products supplied (goods and/or services) are carried out.

The number of conspicuous goods receipts and the number of conspicuous goods and / or services are assessed.

4.5.2 Evaluation of delivery reliability

The measurement of on-time delivery (delivery reliability) is carried out in our ERP system. For each order item, it is determined whether the supplier has fulfilled the contractually agreed delivery date.

Our ERP system uses the order data to determine the delivery date confirmed by the supplier in his order confirmation (DESIRED value). This is compared with the actual delivery date (ACTUAL value) and evaluated.

Deviations may result from early or late deployments.

4.5.3 Assessment of (delivery) quantity reliability

For each order item, the MENCK ERP system compares the ordered quantity (DESIRED value) with the quantity actually delivered by the supplier (ACTUAL value).

Overshipments and undershipments are accordingly negative-rated.

4.5.4 Supplier evaluation / Supplier audit codes

With the supplier assessment, we regularly assess the cooperation with individual suppliers. In so doing, so-called soft facts (audit codes) are systematically assessed. These can be:

- Subjective overall appearance of the cooperation
- Terms of delivery and terms of payment
- Number of requests for tolerance of manufacturing deviation" (tolerance request)"
- Complaint processing
- Cooperation for cost reduction
- Price-performance ratio (price level)
- Cooperation for quality improvement & cost reduction
- Supplier Default Risk: Financial Stability
- Supplier default risk: subjective assessment of delivery failure
- Processing times / execution times
- Information and communication readiness

- Assessment of the result of the supplier process audit carried out
- Violations of our supplier code of conduct

This assessment can also be carried out without an order process / delivery process.

4.6 Supplier audit

We understand the term "supplier audit" to mean a "We fundamentally expect our suppliers to cooperate and support us in joint quality monitoring and quality improvement". In order to identify risks at an early stage and to find the causes of quality deviations, it is a basic requirement for us that we are allowed to audit suppliers in the relevant supply chain.

A supplier audit offers us the possibility to convince ourselves on site at the supplier's premises about general conditions (e.g. building structure, building and work safety, machinery, etc.) but also to give the (potential) supplier an external impression about quality monitoring, quality control and quality improvement.

We understand a supplier audit to mean that the processes at a supplier are examined and checked which are directly and immediately connected with the production and assurance of the quality of the goods and/or services ordered by us. This also includes the identification of risks within the processes as well as the verification of whether agreed regulations are complied with (e.g. from non-disclosure agreements (NDA), quality assurance agreements (QAA), framework agreements (FA), etc.).

A supplier audit is carried out by appointment and is generally carried out as an on-site visit to the supplier. However, we can decide that a limited audit is also carried out online as a virtual supplier audit (remote audit). The supplier assures that its supply chain is part of the audit.

For each supplier audit carried out, we prepare an audit report and send it to the supplier. We expect a statement and evaluation from the supplier on all the findings recorded, as well as a meaningful action plan for implementing the potential for improvement.

The result of a supplier audit flows into the evaluation of a supplier.

5 OPERATIONAL PROCUREMENT PROCESS

Our Procurement Department (PUR) is responsible for the operational procurement process and operational cooperation with suppliers.

5.1 Quotes

Quotes and cost estimates from a supplier are free of charge for us.

It must be considered that quotes to us must be made in the currency required by **us**!

If the supplier does not produce an offered product and / or service himself or does not provide the service himself, but uses a third company or only trades, he must point this out in the quote or at the latest at the conclusion of the contract. If no such indication is given and if it is not apparent to us from other circumstances at the time of conclusion of the contract that the supplier is not the manufacturer, the supplier shall be regarded as manufacturer / distributor for us.

5.2 Order processing

In principle, we order all goods and / or services in writing.

Orders and changes or additions to an order are triggered exclusively by our Procurement Department. Such orders are recorded in our ERP system and have a unique order number, which must always be listed on all accompanying documents and on the goods!

In principle, all individual and framework orders are based on the requirements of this Supplier Manual, the Supplier Code-Of-Conduct of the MFC and the General Terms and Conditions of Purchase (GTCP) of the MFC concerned as stated in the order. If we have made individual agreements (such as framework agreements, quality assurance agreements) with individual suppliers, these serve as the basis for the orders.

5.2.1 Ordering drawing parts

We refer to goods and/or services that are manufactured according to our requirements, specifications and/or drawings as DRAWINGS.

If DRAWING PARTS are ordered by us, our specifications (in the respective current revision) shall be bindingly considered in the performance of the service.

As a rule, technical delivery conditions, conditions for corrosion protection / coating and / or sketchbook are enclosed in the individual orders.

If such documents are not available, they must be requested from our Procurement Department.

If we stock such items with our serial number / variant number, this number will be included in the individual order. The required attachment of this number results from our assembly drawing or sketchbook.

5.2.2 Framework orders / requests from framework orders

If there is a regular demand for our item, we try to determine this total demand for a period and place a framework order with the supplier concerned. This should allow better planning options for the supplier, e.g. of material and / or production, and provide us with a reduction in procurement costs and reliable availability.

In an urgent need, the Procurement Department will recall the item in question by means of call orders from the framework. The supplier then creates the invoice for each call order and sends it to us by e-mail.

5.2.3 Supplier consignment warehouse

Especially for B and C items that are regularly required by us within a period, it is possible in individual cases to set up consignment warehouses with us. The consignment warehouse is a supplier's or service provider's warehouse located at an MFC. In principle, the supplier in question is obliged to guarantee the specified minimum number of items and - if agreed upon - to refill them independently. The amount for the calculation to us will result from refilling.

The goods remain the property of the supplier until we remove them from the warehouse. For this purpose, a separate consignment warehouse contract with the supplier must be signed.

5.2.4 Provisions

If we provide a supplier with tools, measuring equipment or other material which are our property, the supplier must store such items separately free of charge and with the care of a prudent businessman, maintain them and mark them as our "Property" (e.g. "Property of the MENCK GmbH") The supplier is liable for damage and / or loss.

For the measuring and test equipment owned by us, only we reserve the right to carry out necessary calibrations, gauging and / or adjustments. In this process, the supplier must comply with our instructions.

5.3 Order confirmation

The supplier must confirm each of our orders in writing, stating the scope of services, price and delivery time. Unless otherwise agreed, the order confirmation shall always be sent in writing to our Procurement Department (see chapter "Communication").

We expect an order confirmation within three (3) working days (working days = Monday to Friday, excluding public holidays) after order. If an order is not confirmed within 10 working days, we reserve the right to unilaterally revoke the order free of charge.

If the supplier confirms the individual or framework order (acceptance), he is obliged to deliver!

Each direct material order is provided by us with an order number and / or order reference as well as a delivery date. This information must be apparent on all accompanying documents (such as order confirmation, delivery note, invoice, project documentation, correspondence to the order, etc.). If items are ordered according to drawing / specification, our item number, drawing and revision numbers must also be included in all accompanying documents.

In addition, the supplier must provide information on the order confirmation for each order line

Country of origin and customs tariff number (HS code)

5.4 Delivery date monitoring

The delivery date agreed between the supplier and us for a purchase order item must arise from the supplier order confirmation. In the case of direct material, the delivery date is always specified in our ERP system and monitored. We regularly monitor the delivery dates of non-delivered goods and services. The supplier in question undertakes to actively support this deadline monitoring.

5.5 Production-accompanying reporting (progress report)

If the supplier supplies us with goods and/or services which he manufactures or has manufactured according to our drawing/specification, we expect him to regularly send a progress report per order to the responsible procurement department.

Unless otherwise agreed, the Progress Report must be updated every two (2) weeks and sent in writing to our Procurement by Friday afternoon. This must be done until the delivery of the ordered goods and/or services to us.

The purpose of this progress report is to enable us to identify risks in good time, such as delays in delivery dates, and to accompany appropriate countermeasures.

The progress report must contain the following:

- Manufacturing plan/quality assurance plan (production plan) with individual performance steps (until delivery of the goods and/or services to us)
- Overview of the sub-suppliers involved (which service steps are provided by which sub-suppliers?)
- TARGET schedule: which performance step is planned / planned in which calendar week
- Actual schedule overview: which performance step is currently in the manufacturing process
- Current photos of the contractual product or current component in the current service step

This progress report must be sent in full, unsolicited at least every two (2) weeks by the supplier to our Procurement Department.

5.6 Determined deviation before delivery

If the supplier discovers before delivery that he cannot comply with quality-relevant specifications of a contractual product, he is obliged to notify us of this in writing.

The supplier must inform us in writing of any interruption and/or disruption of its supply chain.

For the notification of manufacturing deviations, he shall submit an "Application for Toleration of Manufacturing Deviation" (Deviation Request)" to us.

The supplier must use our "Deviation Request" form (in the current version) to report production deviations. This form is available for download on the website or can be requested from us in the Procurement Department.

Until the "Deviation" has been approved, the supplier shall ensure that no defective contract products remain in any form in regular manufacturing processes or are dispatched. If the supplier becomes aware that a defective product has nevertheless been dispatched, we expect that he will inform us immediately in writing and that the parts will be separated at his own expense.

The supplier is only entitled to deliver contractual products that deviate from our specifications if we have accepted his deviation request in writing.

Contractual products which have a tolerated deviation must be marked with a red sticker on the product itself and on the delivery note for the contractual product. The fact of toleration should be clearly emphasised. Ideally, the approved request remains on the component and is thus part of the scope of delivery.

We ask for your understanding that we reserve the right to charge the supplier for our processing expenses incurred in this connection with the toleration of specification deviations and for which the supplier is responsible.

5.7 Provision of services

When providing ordered services, it is essential to pay attention to safety!

For this purpose, the point "Safety in the provision of services" of this manual must be observed.

5.7.1 Ordering development services

In the process of ordering development services, we assume that the development result (including all documents) becomes our property in full upon payment of the development service and that no further claims of third parties exist. The supplier must ensure that we are indemnified from third-party claims.

5.8 Logistics

5.8.1 Definition of logistics terms

We define the following terms as follows:

Items	Items with our item No.
Inner packing	Packaging that is in direct contact with the packaged goods. Packaging material used to separate and / or secure parts.
Single packaging	Packaging that contains only one item (parts with the same part number)
Outer packaging	Combines several individual packages into one delivery unit
Transport packaging	Packaging that enables safe and easy handling of the parts during transport. Another task of the transport packaging is to protect the cargo from external influences during transport, storage and handling.
Loading equipment	Aids for securing loads, e.g. planks, chains, beams
Transport aid	For heavy and / or bulky parts that cannot be transported with conventional packaging systems. Transport aids are used for transport and storage purposes. Examples of transport aids are transport frames made of wood or metal, square timber structures, etc.
Strapping	Use of straps to fix the load during transport and handling (e.g. to secure loads on pallets)
Transport lock	Aids for securing a load during transport
Overhang	Parts that protrude from the edge of a pallet
Disposable packaging	Packaging that is only used for a single delivery
Reusable packaging	Packaging that can be used several times (e.g. euro pallets, lattice boxes, etc.)

5.8.2 Delivery of goods

Each delivery must always be accompanied by a delivery note with details of our order (order number, order date, item description / specification, quantity). Our order number must also be clearly marked on the delivered package.

If further documents (e.g. acceptance test certificate 3.1) are required according to the order, these must be sent in full and unsolicited by e-mail to the responsible MFC quality department (see chapter "Communication").

Deliveries for which accompanying documents are missing or incomplete shall be deemed by us to be incompletely delivered and creates the opportunity for reclamation.

We expect the delivery, according to the named delivery date, to the agreed delivery address.

Unless otherwise agreed, the delivery condition is "FCA" (INCOTERMS 2010) = Free Carrier. The following must be considered with FCA agreements:

Shipments up to 30 kg are handed over to the parcel service provider specified by us. The dispatch has to take place under our customer number with the parcel service provider concerned. This customer number is given in our order. Consignments of goods may not exceed the following maximum dimensions:

Max. Length per package: 2.70 m

Max L + belt circumference = 419 cm ($\rightarrow L + 2 * W + 2 * H$)

Shipments from 30 kg to 2000 kg are to be handed over to a shipping company specified by us. This will be announced in the individual order.

Please note that the load does not exceed 3 m, 10 cm³ or 2 loading meters.

Shipments over 2000 kg or 10 cbm or more than 2 loading metres must be registered with the responsible logistics team! (see chapter "Communication")

Priority shipments and courier shipments:

Shipments that are guaranteed to be delivered to us the next day with or without a time are organized by the logistics team and must be agreed with us in advance. The same applies to shipments that must be sent by courier on the same day.

Priority shipments and courier shipments:

5.8.3 Transport damage

If there are transport damage that can be traced back to inadequate packaging, and we incur costs for e.g. reworking / sorting / extra inspection, etc., we demand that these costs be borne by the supplier concerned. If the goods cannot be accepted due to the damage, the supplier may be in default if he does not arrange for a replacement in time.

We distinguish between two types of transport damage:

- open transport damage
- hidden transport damage

Transport damage assessment:

In order to protect the compensation claims, we will consult the carrier immediately or within certain time limits for the determination of damages.

Open transport damage:

The visible, open transport damage is reported to the carrier immediately and must be confirmed by the driver in writing on the shipping documents.

Hidden transport damage:

The hidden transport damage is reported to the carrier immediately and in writing. The deadlines are for example:

- Freight companies: at the latest on the 6th day after delivery
- UPS: no later than 24 hours after delivery of the shipment

5.9 Goods receipt / quality inspection

We assume that the supplier only delivers goods / provides services that are 100% "in order" and that meet the required quality. Thus, a supplier must ensure that the delivered goods and / or services rendered are free of material defects and complies with the specification and scope of the corresponding order position.

The acceptance of a delivery of goods is subject to correctness, completeness and suitability. An incoming goods inspection takes place with regard to obvious defects.

We will check the delivered goods in accordance with the conditions of a proper business process during production and notify the supplier of any defects immediately after they have been discovered. The quality inspection is carried out according to our internal inspection level. Hidden defects are indicated as soon as they are detected.

The payment of the purchase price is not an acknowledgment of a faultless delivery.

5.9.1 Factory acceptance test - FAT

If we wish a quality control at the supplier or their sub-suppliers (Factory Acceptance Test - FAT), this will be announced by us in good time and coordinated with the supplier. The supplier will then support our quality control on site free of charge so that it can be carried out in a target-oriented manner and without unnecessary effort. The supplier undertakes to provide suitable / calibrated measuring equipment - in accordance with his manufacturing process - free of charge for quality control.

If justified defects are found on contractual products during our quality control, the goods/services in question are regarded as not accepted. In this case, the supplier undertakes to remedy the defect - free of charge for us - or to provide a replacement free of defects (within the delivery period accepted by us). Further rights and claims remain unaffected by this.

The supplier is obliged to analyse the detected quality deviation and to inform us in writing of the cause of the deviation, including suitable measures to remedy the defect and preventive measures.

6 UNDERSTANDING OF QUALITY

We will implement our clearly defined quality strategy in a targeted manner so that we can supply our customers worldwide with quality products and reliably offer our round-the-clock service. Therefore, it is necessary that our suppliers have at least the same understanding of quality and that they comply with and deliver the quality we demand.

6.1 Requirements for the quality management system

6.1.1 Quality management system (QM System)

We prefer suppliers who can demonstrate a functioning quality management system (QM-System).

Suppliers of DRAWING PARTS shall provide evidence that they apply a functioning management system. This should at least be based on the standard of ISO 9001. If this is a certified QM system, the certificates (e.g.: quality management ISO 9001, or similar) must be proactively presented or made available to us (e.g.: via download from website).

If certificates are withdrawn by a notified body/authority, we must be informed proactively.

Further certifications / approvals may be required for special components and/or services. Goods and/or services delivered to us must then be manufactured and tested in accordance with these certifications / approvals. If we require additional tests, we shall inform the suppliers accordingly.

6.1.2 Avoidance of errors

Basically, we expect from our suppliers a "zero defect strategy", a 100% delivery reliability and a permanent cost optimization.

Pro-active avoidance of errors must take precedence over detection of errors!

6.1.3 Quality responsibility

Suppliers who provide goods and / or services to us are fully responsible for the quality of their deliveries and services. This duty of responsibility also extends to the sub-suppliers used by the supplier within the entire supply chain.

The goods handed over to us and/or services rendered must always fully comply with the scope specified in our order.

We request our suppliers to align their quality strategy with continuous improvement of processes and services. Furthermore, we expect our suppliers to be able to critically review our technical documentation and point out the potentials for improvement in the manufacturing process. Together, we would like to develop solutions based on which we can optimize our technical documentation from a production engineering and quality perspective.

To support the envisaged long-term and trusting partnership, we will conclude a quality assurance agreement and / or framework agreement with selected suppliers.

6.2 Quality assurance

6.2.1 Project management - new development

If development services are ordered by us, the requirement specification shall be laid down in writing, e.g. in the form of a specification sheet. For this purpose, the supplier shall create a specification.

Even in the planning phase of products, processes and other cross-divisional tasks, the supplier undertakes to apply professional project and risk management, which enables him to present his procedures and describe and schedule activities to be completed. Test and control steps shall be presented within the project plan.

Project plans are both a means of communication in cooperation with us and an analytical and steering tool.

6.2.2 Planning the manufacturing process

We make it a condition that the supplier carries out a risk assessment of its manufacturing processes required for the realisation of the goods and/or services to be delivered as early as the planning stage. This includes, for example, manufacturing instructions such as work plans, test plans, equipment planning, tool use, machine use, etc. . The supplier must archive corresponding documents and grant access to these documents at our request.

In the case of new manufacturing processes / production processes to be established, the supplier shall compulsorily apply suitable preventive quality planning methods (e.g. manufacturability analysis, reliability studies, FMEA). Experiences from similar projects are considered (e.g. processes, competence studies). Risk considerations must be considered according to systematic procedures. The required elements of quality planning can be defined together in an individual agreement.

For the functional and process-critical characteristics coordinated with us, a process capability study must be carried out. When determining the process capability, the requirements for the accuracy of the measuring equipment must be considered, as well as the basics of statistics. If the required process reliability is not achieved, the manufacturing process must be 100% checked and documented (verification). If compliance with essential product features cannot be determined by testing the finished product (e.g. gluing, welding), the manufacturing process on which the feature is based must be examined and its capability assessed (validation). In this case, the parameters required for a positive process result, including the parameter values, must be documented.

The supplier shall align and document its processes in such a way that the results of its processes (goods and/or services) are realisable and reproducible without quality fluctuations.

6.2.3 Requirements for work environment and personnel

Health protection and occupational safety of the persons involved in the product or service as well as the protection of the environment have a very high priority for us. The Supplier shall define, provide and maintain the working environments that ensure that it can guarantee the requirements existing for the quality of the goods and/or services and their creation.

In addition to physical factors (such as temperature, light, humidity, noise, etc.), he must also consider health, cleanliness and workwear requirements of the personnel.

Furthermore, the supplier must ensure and demonstrate that only qualified and trained personnel are applied in the manufacturing process.

6.2.4 Tool / test equipment management

We understand the term "tools" to mean production tools, auxiliary tools, devices and / or measuring and testing devices that are used for production and / or quality testing.

We require that a supplier manages the tools used to provide the service in an appropriately secure manner and proves their functionality and accuracy at regular intervals.

6.2.5 Manufacturing process

If a supplier delivers goods and/or services that are manufactured or provided specifically according to our specifications, the supplier is obliged to comply with these specifications.

Random samples must be taken regularly during production and the results must be documented. Process parameters that may influence product characteristics must also be taken into account. The documentation must clearly show process interruptions (e.g. tool breakage) and quality control measures.

In principle, no defective contractual product must be found in the sample for the release of a production lot.

If an error is detected during the manufacturing process, the supplier must immediately interrupt and correct the process. In this case, all goods that have been manufactured since the last positive sample test (last good part) must be tested 100%. Defective parts are to be secured immediately and separated until the cause of the defect is finally clarified (e.g. blocked storage). Corrective measures must be documented.

In the case of rework, all specified series tests must be carried out and documented in an accompanying document.

6.3 Reclamation / Complaint case

6.3.1 Complaints and measures

Defects identified are documented by us and generally sent to the supplier in writing by the employees in the Procurement department (Procurement Manager). The responsible Procurement Manager and the members of the corresponding material group clarify the further procedure regarding rework, return delivery, new delivery, costs, deadlines, causes of errors and corrective measures.

If, in our opinion, corrective measures are required, the supplier is requested to inform us of the causes of the error and the corrective measures taken to eliminate the causes of the error in the form of a written statement. As written statement, a 4D report must be created as standard and the 8D report as requested. In this report, in addition to the item number, quantity, batch or serial number, our order number, the following items must be described:

- a) Description of the defect
- b) Cause of the defect / root cause analysis
- c) Immediate measures initiated (damage limitation)
- d) Initiation of remedial and corrective measures
- e) Deadlines of measures and responsibilities for implementation
- f) Proof of effectiveness

6.3.2 Assistance with incidents / complaints

In the event of incidents and/or complaints, we require that our suppliers support us professionally, promptly and free of charge in order to prevent damage to our end customers (project business).

If complaints subsequently arise regarding goods and/or services which are demonstrably the responsibility by the Supplier (for example, use of material of poor quality or inadequate production, etc.), the supplier is obliged to remedy the defect free of charge and without delay. If it is determined that the defect relates to a whole delivery batch / a complete delivery lot of a contractual product or even only a part of it, then the defect elimination must be carried out -including additional expenditures. Our complaint number must always be visible on the associated documents and goods accompanying notes for return / new deliveries! In the event of a complaint, we reserve the right to claim all costs incurred by us.

6.3.3 Repairs

In the event of repair or rework, the supplier shall have the same duties of care as apply to the manufacture of new goods and/or services. Such goods must be marked as repaired goods.

6.4 Safety and environment

We make it a condition that a supplier - irrespective of the place of product origin - provides all deliveries and services as specified in our Supplier Code of Conduct.

All aspects for effective environmental protection, resource efficiency and sustainable business management as well as for the safety of all involved workers (as described in our Supplier-Code-Of-Conduct) must be observed and implemented.

Relevant certificates, test certificates and verifications shall be supplied free of charge in accordance with our specifications.

For hazardous substances, the current safety data sheet must be supplied with each delivery. The products, as well as their deliveries and services, are based on the prevailing state of the art.

We expect all our suppliers to be able to trace the procured intermediate goods or finished products in all phases of product creation to any production processes that are harmful to the environment or violate working conditions.

6.4.1 Conflict minerals

The supplier shall ensure that the goods delivered to us shall not knowingly contain any conflict minerals in accordance with EU Regulation EU 2017/821 and that only sustainably produced and traded minerals (in accordance with OECD Due Diligence Guidance) may be used for production.

We expect the supplier to provide us with written information on this within one (1) working week of our request.

6.4.2 Safety in service provision

We attach great importance to safety and quality. This must also always be considered when providing services!

If the supplier must provide a service, he is obliged to undergo safety instruction at the place where the service is provided by us or by person(s) authorised by us. If necessary, he must request this safety training. If the supplier does not take this safety training into account or if the contents of it are disregarded, the supplier is liable for damage and / or costs resulting from this. The safety instruction carried out must be documented.

In the event of the provision of services on our premises or at a location specified by us for the provision of services, the supplier must observe at least the following in the preparation or performance of the commissioned services:

- 1.) Suitable personal protective equipment (PPE) must be brought along and worn / used accordingly
- 2.) Only valid and tested equipment must be used
- 3.) When working with hazardous substances, appropriate valid safety data sheets must be carried and observed. This work must be announced and assessed in advance.
- 4.) If work is carried out on our premises, this may only be done by prior arrangement and after registration at reception and receipt of a visitor's pass.
- 5.) Before starting the work, the safety instruction must be carried out.

6.5 Supplier quality management indicators (Quality, Health, Safety and Environment -Indicators "QHSE")

In order to minimise risks and to be able to recognise contrary trends, we carry out risk assessments. This is only possible if the suppliers involved support us in this and regularly submit their key figures on "Quality, Health, Safety and Environment (QHSE)" to us in writing.

We can therefore only consider suppliers who support this.

6.6 Continuous improvement process (CIP)

In order to achieve our goals and visions, we are constantly working to improve our processes (Continuous Improvement Process "CIP").

We expect our suppliers to actively work on process and product improvements. The aim is to constantly optimize the overall system. This continuous improvement process (CIP) is required along the entire supply chain. It must consider all processes at the supplier, their suppliers and subcontractors, as well as processes between us and our suppliers.

We expect our suppliers to proactively contribute to our overall delivery performance.

If optimisations should influence approved materials, properties of articles or products and their manufacturing processes used, these must be notified to us in advance before implementation and approved by us.

7 COMMUNICATION

In principle, we expect our suppliers to communicate with us proactively and as a precautionary measure.

Information that has an influence on the content of the contract and the performance processes or on the quality of the goods must be reported to the contracting party immediately in writing (for example, delivery date, quantity deviation, production disruptions). "Written" means communication via email.

7.1 Communication with the MENCK GmbH, Germany

The following e-mail addresses must be used by suppliers who have a business relationship with MENCK GmbH:

■ **supply.chain@menck.com**

For written information on all strategic topics of general cooperation and market information. These include such as supplier approval, supplier questionnaires, supplier evaluations, audits, basic agreements (e.g. non-disclosure agreement, quality assurance agreement, framework agreement), etc.

■ **procurement@menck.com**

For written information on all commercial operational topics, such as enquiries from MENCK, quotations, MENCK orders, order confirmations, delivery dates, complaint handling, etc.

■ **logistics@menck.com**

Registrations, notes and questions about transports must be sent in writing to the MENCK Logistic Team.

Our Logistics teams in Germany and Singapore work together centrally and use the same email address!

■ **quality.documents@menck.com**

If the MENCK Procurement Department requests certificates and / or material test certificates for individually ordered items, the supplier must send these documents exclusively to this e-mail address. To ensure faster processing, the subject line of the e-mail must contain the following information and the following schema:

MENCK Order No._MENCK item No._*Name of the document*

An...	quality.documents@menck.com
Cc...	
Bcc...	
Betreff	EB01234_1234-56789_Abnahmeprüfzeugnis 3.1

Example:

■ **invoice@menck.com**

As long as no electronic interface for the transmission of invoices and credit notes has been agreed between MENCK GmbH and a supplier, such documents must be sent exclusively by e-mail to this address. To ensure

faster processing, the subject line of the e-mail must contain the following information and the following schema:

Name of the document_MENCK-order-No.

Example:

An...	invoice@menck.com
Cc...	
Bcc...	
Betreff	Rechnung 4711_EB01234

7.2 Communication with MENCK Pte. Ltd., Singapore

The following e-mail addresses must be used by suppliers who have a business relationship with MENCK Pte.Ltd.:

■ **Procurement-Pte@menck.com**

For written information on all commercial topics, such as contract matters, supplier questionnaires, quotes, order confirmations, inquiries, etc.

■ **logistics@menck.com**

Registrations, notes and questions about transports must be sent in writing to the MENCK Logistics Team.

Our Logistics teams in Germany and Singapore work together centrally and use the same email address!

■ **quality.documents-pte@menck.com**

If the MENCK Procurement Department in Singapore requests certificates and / or material test certificates for individually ordered items, the supplier must send these documents exclusively to this e-mail address. To ensure faster processing, the subject line of the e-mail must contain the following information and the following schema:

Name of the document_MENCK-order-No.

■ **accountspayable@menck.com**

As long as no electronic interface for the transmission of invoices and credit notes has been agreed between MENCK in Singapore and a supplier, such documents must be sent exclusively by e-mail to this address. To ensure faster processing, the subject line of the e-mail must contain the following information and the following schema:

Name of the document_MENCK-order-No.

Invoices and credit notes for order transactions concerning MENCK in Singapore must be sent exclusively to this e-mail address. To ensure faster processing, the subject line of the e-mail must contain the relevant order number / order transaction.

7.3 Communication with Large Diameter Drilling Ltd., Great Britain and Communication with LDD Australia Pty. Ltd., Singapore

The following e-mail addresses must be used by suppliers who have a business relationship with Large Diameter Drilling Ltd. or LDD Australia Pty. Ltd.:

■ **Procurement@lddrill.com**

For written information on all commercial operational topics, such as LDD enquiries, quotes, LDD orders, order confirmations, delivery dates, complaint handling, etc., please contact us.

■ **supply.chain@lddrill.com**

For written information on all strategic topics of general cooperation and market information. These include such as supplier approval, supplier questionnaires, supplier evaluations, audits, basic agreements (e.g. non-disclosure agreement, quality assurance agreement, framework agreement), etc.

■ **quality.documents@lddrill.com**

If the Procurement Department requests certificates and / or material test certificates for individual items ordered, the supplier must only send these documents to this e-mail address. In order to be able to guarantee faster processing, the following information must be in the subject line of the e-mail and the following scheme must be used:

Name of the document_LDD-Order-No.

■ **logistics@lddrill.com**

Registrations, information and questions about transports must be sent in writing to the Logistics-Team.

■ **finance@lddrill.com**

As long as no electronic interface for the transmission of invoices and credit notes has been agreed, such documents must be sent exclusively by e-mail to this address.