SUPPLIER MANUAL

INTRODUCTION

Messer Cutting Systems is a global provider of cutting-edge technology for the metalworking industry. With our proven cutting systems, flexible service packages and intelligent software solutions, we set standards worldwide.

As a technology leader for thermal cutting systems, we are constantly working on new, intelligent, fast and reliable solutions with added value for our customers. This is what motivates our more than 900 experienced employees at our five main locations with production facilities every day. We are represented in more than 50 countries.

Our product range includes oxy-fuel, plasma and laser cutting systems, from hand-held machines to special machines for shipbuilding as well as machines and systems for oxy-fuel welding, cutting, soldering and heating. Further services complete our offer

- Spare Parts
- Repairs
- Retrofit
- Maintenance and Service
- Environmental Engineering
- In-house software solutions

The intensive exchange with our customers is particularly important to us. That is why we invite you to work with us to develop the best solutions for your individual needs and to try out the latest cutting technologies in our modern training center. We also work with strong technology partners, for example to develop predictive maintenance software and new automation solutions for you. Worldwide we are the partner of choice for cutting systems and oxy-fuel technology as well as consultants for our customers.

INTRODUCTION TO MANUAL

In today's manufacturing environment, product that is found to be non-conforming at receiving, or during production, causes serious disruptions of the production and shipping schedules, resulting in high production costs. Even the best Receiving Inspection program cannot detect all defective material. Messer Cutting Systems requires suppliers to control the quality of material shipped to Messer, so that we do not need to inspect the product when it is received.

This manual describes Messer's expectations for its suppliers in order to ensure that purchased material meets Messer's requirements.

SCOPE

This information applies to all suppliers who have interest in doing business with Messer. It also applies to Messer's outsourced partners or subsidiaries.

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§ 1 INTRODUCTION

1.1 OVERVIEW

Messer Cutting Systems is a global company that provides premier metal cutting equipment throughout the world. We are committed to meeting our customers' expectations of high quality, superior service, for the best value. Messer's supply partners are the key to achieving this customer satisfaction and will be held accountable for their products and services.

1.2 MESSER'S RESPONSIBILITIES

Messer Cutting Systems is closely working with our supplier partners in the follow areas:

- Setting clear expectations for success
- Acting as a resource to improve supplier performance
- Actively seeking supplier involvement with emphasis on continuous improvement

§ 2 QUALITY MANAGEMENT SYSTEM REQUIREMENTS

2.1 QUALITY MANAGEMENT SYSTEMS

Each Messer supplier should, at a minimum, maintain an effective quality management system compliant to the latest ISO 9001 Quality Management System standard or equivalent. Suppliers not compliant to this standard will only be considered for new business if a compliance commitment letter is signed by the supplier's senior leadership and submitted to Messer.

In addition, the supplier must meet all other requirements of this manual. Suppliers have the responsibility to provide goods and services that meet all Messer's quality specifications and requirements. If this cannot be met, the supplier will be held financially accountable if their defects result in losses to Messer Cutting Systems or any of Messer Cutting Systems' customers.

Messer Cutting Systems requires all suppliers to comply with our environmental policy as stated in Appendix A, as well as Process Safety Policy stated in Appendix C.

2.2 INCOMING INSPECTION

Parts need to be inspected by suppliers to ensure the parts meet the specification. Based on the part(s) purchased, Messer Cutting may require 100% inspection in lieu of first piece inspection or one piece per lot inspection. Messer Cutting Systems may request a supplier to provide the inspection report of production part along with each shipment or periodically request the supplier to provide the inspection report along with the product control plan to evaluate supplier's quality system. If a part is found to be in non-conformance, these parts will be rejected from entering our production floor. A corrective action will be issued for the supplier and a resolution of how this problem will be solved needs to be addressed. The supplier is expected to respond promptly to all quality or delivery issues.

Note: An inspection based on sampling does not eliminate the possibility of rejection if defective material is discovered in inventory.

The supplier will continue to retain process controls for certified parts or characteristics and will retain date per control plan at their location.

2.3 OUTSIDE SERVICE

All service contractors will be given an addendum to our purchase order. All service contractors must agree to our Environmental Policy (See Appendix A). This signed addendum will be kept on file. If the addendum is revised, Messer will request the revision to the addendum to be signed and returned. The service contractor must also provide Messer with proof of liability. Liability insurance policies will be kept on file. If the proof of liability is outdated when doing a service contract, a new proof of liability must be provided before work is done for Messer Cutting Systems.

Personnel performing services must be qualified and/or licensed as required by all local, state, and federal regulations.

2.4 SUB-SUPPLIER MANAGEMENT

Suppliers are responsible for the quality of materials and components provided by their sub-tier suppliers and sub-contractors even if Messer Cutting Systems directed the source. The supplier of Messer Cutting Systems must impose controls on their sub-tier suppliers that provide quality results and documentation comparable to the controls applied to suppliers by Messer. The extent of the controls may vary, depending on the nature and complexity of the product and processes, but should normally include:

- Evaluation and qualification of sub-tier supplier facilities
- Controls to ensure that raw materials used and components manufactured meet Messer's requirements
- Part qualification, including use first article inspection and process capability studies as applicable
- Control of drawings/revisions
- Control of nonconforming material
- Corrective action and preventive action programs
- A continuous quality improvement program

Messer reserves the prerogative to evaluate the quality system and records of such sub-tier suppliers as necessary. In the event of Messer's involvement, it does not absolve suppliers of the ultimate responsibility for the quality performance of their sub-tier suppliers.

§ 3 SUPPLIER QUALIFICATION

3.1 SUPPLIER SELF-ASSESSMENT

All suppliers of product and materials to Messer must be qualified. Messer will also periodically reevaluate suppliers using quality performance data and/or on-site assessments.

Messer will send a supplier a self-assessment document to the potential supplier to complete prior to a supplier visit by a

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Messer team. This assessment solicits general information about the company such as location(s), size, capabilities, and financial stability as well as detailed questions regarding the Company's quality management system and quality history. A "Supplier Basic Information" Survey is a requirement to verify a potential new supplier has the appropriate quality and business systems in place to meet the minimum requirements of Messer Cutting Systems.

3.2 SUPPLIER ON-SITE ASSESSMENT

For suppliers of critical components, an on-site assessment of the supplier's facility may be performed by a team at the supplier's manufacturing location by a Messer team.

The on-site assessment includes three components:

- Supplier's quality management system
- Supplier financial stability and production capacity
- Engineering resources and innovation capability

The score of the on-site assessment and supplier's self-assessment will be used to qualify the supplier.

Messer periodically reevaluates current production suppliers using quality performance data and/or on-site assessments. If requested, the supplier shall make their facility available for on-site process verification by Messer personnel, with reasonable notice.

§ 4 PART QUALIFICATION

4.1 INTRODUCTION

The supplier is responsible for submitting all PPAP or First Article data requested by Messer Cutting Systems. Messer and the supplier will agree on the number of the samples required to support this requirement. Where possible, all qualification documents should be submitted to the appropriate supplier quality engineer in electronic format. The supplier is to notify Messer if changes are to occur. Submission of sample approval is required unless specifically waived by Messer.

Suppliers shall submit a sample approval for Messer Cutting Systems prior to production shipments. The submission package shall include verification of material and special characteristics of the supplier's product. The supplier is responsible for performing the inspection, testing to lab standards, and sample submission. The supplier may not ship production product until Messer gives sample approval in writing or an approved deviation is in place.

Dimensional results is the record of actual data and shall include all dimensions, characteristics, and specifications that are noted on the drawing and in the control plan. If the supplier cannot perform the required tests, services may be completed by an accredited source. When third party inspection services are used, the name of the service that performed the inspection shall be identified. The results shall be submitted on the third parties letterhead of their report. In addition, the Scope of Accreditation must be submitted for the source performing the test. Missing submission dates, submitting samples that are found to be dimensionally incorrect of having incomplete documentation are subject to rejection.

Messer requires the 1st article sample parts approval for all new parts. Suppliers are required to submit the sample parts along with the following information:

- Dimensional inspection report
- Material specifications
- Product control plan
- Package design

Sample approval is required whenever one or more the following conditions occur:

- New tooling
- New manufacturing location
- Improvements or changes to current manufacturing process

4.2 DIMENSIONAL INSPECTION REPORT

The supplier inspects or tests each sample against all dimensions, drawing notes, and specification requirements listed on the current revision of the Messer drawing and/or specification. The supplier records the results on the appropriate dimensional layout from a copy of Messer's drawing and/or specification to correspond with the supplier's results.

The dimensional inspection report must include the specification number, specified requirements, and the inspection/test results. A simple statement that the material meets the requirements is not acceptable. Each report must be traceable to the supplier's material, through lot/heat/coil/batch numbers or equivalent, and must be signed by the organization that performed the testing. For any requirements that the supplier does not have the equipment to inspect or test, the supplier shall obtain reports from their sub-supplier or other test agency.

4.3 MATERIAL CERTIFICATION/TEST REPORT

When requested, the supplier must provide a material certification/test report. This report must include the specification number, specified material and/or physical requirements, and the inspection/test results. A simple statement that the material meets the requirements is not acceptable. Each report must be traceable to the supplier's material, and must be signed by the organization that performed the testing.

4.4 CONTROL PLAN

The supplier must develop a control plan, and submit it for approval as requested. The control plan is a detailed description of the supplier's proposed processing steps required to produce the part, and the controls that are put into place to control the quality at each step. The control plan must include all in-house processing, external processing, inspection, packaging, and shipping. Suppliers may use their own format but must meet AIAG Control Plan format guidelines. Measuring devices and fixtures designed and built to check Messer parts must be identified with a gage number and drawing, and must be listed on the control plan.

The control plan must include all critical characteristics (product and process). Where detailed instructions are required, the supplier details those instructions in a work instruction, or equivalent, which must be listed in the control plan. Inspection methods, sample sizes, and sampling frequencies should be based on the process capabilities, seriousness and likelihood of potential non-conformances, and process stability. Critical characteristics that do not meet Messer's process capability requirements must be inspected 100%, unless Messer approves alternate control methods in writing.

4.5 MATERIAL SAFETY DATA SHEETS (MSDS)

As applicable, Material Safety Data Sheets (MSDS) must be provided during PPAP/FAI process.

4.6 GOVERNMENT AND REGULATORY COMPLIANCE

Supplier's manufacturing processes and products, including purchased products, shall conform to applicable local, state and national laws and regulations (e.g. conflict minerals). Laws and regulations include those related to health, safety, and environment, toxic and hazardous materials. Unless otherwise communicated in writing to the supplier, all components must be RoHS compliant Suppliers shall provide declarations of conformance as requested. Additional requirements shall be communicated to the supplier through the purchase agreement or design record (e.g. REACH).

4.7 TRACEABILITY

The supplier should plan for traceability of components. The supplier should provide a written plan specifying how components will be marked with serial or lot numbers and date codes if required, or how containers will be identified with lot numbers or date codes if component marking is not required. The plan will also include sizes of lots or batches.

4.8 DELIVERY

The supplier shall deliver product to Messer in accordance with the PO release requirements received and maintain an on-time delivery performance rating acceptable to Messer expectations.

Missed shipments or deliveries that are not authorized by Messer may be subject to expedited mitigation at the supplier's expense.

§ 5 SUPPLIER PERFORMANCE AND EVALUATION

5.1 SUPPLIER GOALS

Suppliers for Messer Cutting Systems should strive to accomplish the following:

- Less than 0.5% NCC
- 95% or greater On Time Delivery (OTD)
- Conformation to requirement to eliminate sorting, scarp, and rework
- Continuous improvement initiative to improve quality, delivery, and cost

5.2 SUPPLIER SCORE RATING CRITERIA

Messer Cutting Systems rates its suppliers on a quarterly basis. The performance criteria described below is used to monitor the performance of all suppliers.

- % of Non-conforming Component(s)
- On time delivery
- Service/Responsiveness
- Cost

See Appendix (B) below for Supplier criteria definition and calculations.

5.3 QUALITY SCORE CALCULATION

Supplier's quality score is calculated on the basis of the amount of non-conforming materials versus the total amount of material received in a given month.

5.4 ON-TIME DELIVERY SCORE:

Delivery ratings are calculated on the basis of the amount of shipments that are late versus the total amount of shipments in a given month.

5.5 SERVICE/RESPONSIVENESS SCORE

Service ratings are determined based on the following criteria:

- On time feedback to service request
- On time response to quality issues and delivery confirmation
- On time and accurate documentation as requested by Messer Cutting Systems
- Supplier proactively providing informational updates

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5.6 SUPPLIER MONITORING

Messer continually monitors its suppliers to ensure they continue to meet Messer's requirements, while continuing to ship acceptable parts. This may consist of:

- A quality management system review audit at the supplier's facility
- An on-site audit of the supplier's control plan
- A random incoming inspection audit of the product
- An inspection of product at the supplier's facility
- Review of supplier-furnished data packages
- A supplier progress review meeting conducted periodically at the supplier's site or Messer's to review supplier performance and progress

5.7 SUPPLIER AUDITS

Periodically, Messer may audit the supplier's quality management system. The supplier must make their facility available for on-site process verification by Messer personnel at any time, with reasonable notice. This may be a full or abbreviated documentation and on-site audit. The purpose is to evaluate any changes that may have occurred in the supplier's quality management system, and to assess the supplier's continuing commitment to quality improvement.

Periodically, Messer may also audit the supplier's continuing conformance to the control plan approved in the First Article process.

5.8 INSPECTION AUDITS

Messer expects its suppliers to furnish material that conforms to all requirements, and that does not need to be inspected when Messer receives it. At Messer's discretion, in order to meet production requirements, 100% sorting may be done as necessary at the supplier's expense.

Messer may inspect product at the supplier's facility to detect potential problems prior to shipment. Messer may also inspect product at sub-tier suppliers.

5.9 SUPPLIER-FURNISHED LOT DOCUMENTATION

Messer may require the supplier to furnish inspection, test, process performance, or other quality data with each shipment to ensure that the product meets Messer's requirements. When data submission is required, the data must accompany each shipment, or be e-mailed or faxed to Messer at the same time the lot is shipped. All documentation must be clearly identified with Messer's part number, and the supplier's lot number.

§ 6 MANUFACTURING CONTROL

6.1 PROCESS CONTROL

Messer suppliers are required to control all manufacturing processes in accordance with the control plan, which is approved during part qualification.

6.2 STATISTICAL PROCESS CONTROL

Where specified by a critical characteristic designation on the Messer drawing, the supplier is required to apply effective statistical process controls to demonstrate both short and long term capability of Cpk>1.33 or greater. Effective controls must include:

- The control chart displays control limits that are correctly calculated (specification limits may not be used as control limits).
- The control chart is at the process area, visible to the operator, or persons who are responsible for controlling the process.
- For each out-of-control condition, actions are taken to bring the process back into control. Actions taken to bring the process back into control are recorded.
- Product produced during any out-of-control condition is sorted, scrapped, reworked or dispositioned through the supplier's material review process

6.3 LOT CONTROL

A lot consists of product of one part number and revision that are made at the same time, under the same processing conditions, from the same lot of raw materials. The primary purpose for identifying lots is to determine the scope of actions that must be taken when problems arise during further manufacturing or with customers. Each container of material shipped to Messer must be identified with the Supplier's lot number. Inspection records must be traceable to lot numbers.

The following are typical conditions that result in a change of lot numbers:

- Change of part number or revision
- Change of part number or revision of components
- Interruption of continuous production (typically for more than a few hours)
- Repairs or modification to the tooling or equipment
- Tooling changes (other than minor adjustment or replacement of consumable tooling)
- Change to a different lot of raw materials
- Process changes

6.4 TRACEABILITY

Traceability ties finished product back to the components used in the product. When traceability is specified, the traceability marking should be effective down to the individual component (i.e., lot code, batch or serial should be identifiable throughout Messer's processes).

6.5 WORKMANSHIP

When workmanship standards are not referenced on Messer drawings or specifications, the supplier is expected to follow industry-accepted standards (e.g. ANSI, IPC). When in doubt, consult with Messer for clarification.

6.6 SAFETY

At no time should any customer, or person at a Messer facility, be exposed to hazardous material or situations that are not inherent in a component's structure. Residues, films, out-gassing products and packaging materials should comply with OSHA (Occupational Safety & Health Association) or the respective government regulating committee standards. For items with inherent hazards, safety notices must be clearly observable. As applicable, MSDS sheets must be provided during the PPAP / FAI process.

6.7 MAINTENANCE

The supplier must maintain all facilities, manufacturing machines, tooling (including Messer owned tooling) measuring devices, and other equipment in such a manner that the supplier can support Messer's production requirements, and the quality of parts manufactured for Messer is not degraded in any way. The supplier is required to identify all Messer owned tooling with an appropriate asset tag and maintain a listing of these tools. The supplier should identify all critical equipment and spare parts to mitigate any potential delays in fulfilling orders. Orders missed due to lack of machine availability that are not communicated to Messer proactively will be the responsibility of the supplier to cover all associated costs (e.g. customer penalties; air freight, etc.) to fulfill the order through the most expedient method available while not compromising product integrity.

The supplier shall be responsible to perform or arrange for any tooling maintenance or repair. The "tooling" refers to any mold, gauge, die or fixture required for producing or measuring a part. The supplier is responsible for maintaining the tool for the life of the program. At the discontinuation of the program, the tool is to be returned to Messer Cutting Systems. The supplier shall be responsible to procure and stock all spare parts necessary to support tooling requirements during the contracted production period. Messer cutting must be notified prior to and give approval to any modifications to the tool.

§ 7 DRAWINGS/CHANGES

7.1 DRAWING AND CHANGE CONTROL

The supplier should have a documented system for assuring that the latest Messer drawings are in effect at their facility for all parts shipped to Messer. Exceptions to this (e.g. raw material, etc.) must be approved by Messer Purchasing. The supplier's quality management system should contain a documented procedure that describes the method used for the receipt, review, distribution, and implementation of all changes to drawings and specifications. In addition, the procedure should address control of obsolete drawings and specifications. A documented procedure should also detail the method used to contain new or modified parts until approved by the customer.

7.2 PROCESS CHANGES, ENGINEERING CHANGES

Suppliers must have systems in place to control changes to drawings, specifications, processes, or produced parts. Systems should be capable of handling changes being requested by the customer, and changes requested by the supplier.

NOTE: Suppliers may not make any changes in their process, location, material, sub-supplier, or to the part without written approval from Messer. The supplier must formally request a product or process change on all Messer components through the SPCR process.

7.3 SUPPLIER PROCESS CHANGE REQUEST (SPCR)

A Supplier Process Change Request (SPCR) is used to request a change to a released part, process, drawing, or specification. Messer requires SPCRs obtain approval by authorized representatives from product engineering and the receiving facility quality function. Messer requires a minimum of 3 weeks for review and disposition notification of a submitted SPCR. Notification of SPCR disposition (approval or rejection) by Messer will communicate any appropriate requirements needed prior to implementation by the supplier (e.g. PPAP/FAI, testing, etc.). If no requirements are identified with approval, it is the responsibility of the supplier to validate the change and update all relative internal process documentation in accordance with the Messer's requirements.

The originator of an SPCR should include the following information:

- Drawing or part number
- Drawing or part title
- Description of problem or recommended change
- Reason for change or "rationale"
- Proposed effective date

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The supplier submits the SPCR with any applicable supporting documentation to Messer for evaluation and approval.

When monitoring is required, the appropriate markings must be identified on the lots etc. for a specified period as decided jointly with Messer and the supplier.

7.4 SUPPLIER DEVIATION REQUEST

A supplier is never permitted to knowingly ship product that deviates from the print, specification limits, or design intent without written authorization from Messer. A deviation will only be agreed upon if there is no other available inventory and the fit, function, performance, safety, durability or appearance of the end item is not affected. If such a condition exists, the supplier may request Messer to allow shipment of the product. This is accomplished by initiating a Deviation Request.

If directed by Messer, the supplier must send samples of non-conforming items to Messer for evaluation. The cost of any testing required to determine the acceptability of the product would be charged to the supplier. Messer will determine the item's acceptability and what corrective actions (if any) are required beyond the deviation. If approved, Messer will send a written deviation approval to the supplier.

The deviation is only intended to be an interim action and is not to be construed as an engineering change. The supplier must begin work immediately to correct the condition in question. This must be accomplished within the period stated on the deviation. Failure to comply with the mutually agreed upon closure date for the deviation may result in the supplier's rating being affected.

In all cases, the supplier must fully contain all product suspected of being non-conforming at their facility. In addition, the supplier may be required to sort any suspect product at Messer.

Any parts sent to Messer that have been approved on a deviation must be clearly identified on the box, container, or other packaging method with the appropriate markings decided jointly by Messer and the supplier.

§ 8 CORRECTIVE ACTION SYSTEM

8.1 CORRECTIVE ACTIONS

Messer Cutting Systems supply partners are responsible for supplying zero defect product and services. If defective material or services occur, Messer requires the supplier to have a corrective action procedure in place to provide immediate corrective action and root cause problem solving to resolve the issue and prevent reoccurrence.

Defective material may be identified during incoming inspection, manufacturing, assembly, packaging, audits, or by the customer.

The supplier is responsible for:

- Timely replacement of defective product with certified stock (material that has been 100% inspected for rejects).
- A plan to rework or repair product until replacement certified product is available.
- A completed corrective action is required on all rejected parts. The corrective action should be completed and returned within 10 days of the occurrence.

Messer encourages suppliers to utilize a closed-loop corrective action system when problems are encountered in their manufacturing facility, or after nonconforming product has been shipped to Messer.

8.2 CORRECTIVE ACTION PROCESS APPROACH

The corrective action system utilized should be similar to the process outlined below. The focus should be on identifying the root cause(s) of the problem and taking action to prevent its recurrence.

- Use a team approach
- Describe the problem
- Contain the problem
- Identify and verify root causes(s)
- Implement permanent corrective actions
- Verify corrective action effectiveness
- Close the corrective action

8.3 SUPPLIER CORRECTIVE ACTION AND RESPONSIVENESS

Messer can issue a Defective Material Report (DMR) and/or a Supplier Corrective Action and Request (SCAR) memo, which requires appropriate actions to be taken within a timely manner to ensure supply continuity. The required actions and timing are outlined below.

- 24 Hour Containment. The supplier is required to provide immediate containment, sorting, and certification activities on all suspect product(s) at the affected Messer and/or Messer customer facilities in an effort to isolate, insulate and eliminate all nonconforming products from the supply chain. This containment may be done by one or more of your employees or by a Messer approved 3rd party containment company at your company's expense.

    - Note: If your company chooses to perform the containment action itself and requires assistance from a temporary labor firm, a representative from your company must be on-site to manage all of the temporary firm's activities.
    - Note: Failure to provide certified product within the required 24 hr. timeframe may result in containment to be initiated by Messer at your expense.
    - Note: Messer may initiate containment prior to 24 hours at the supplier's expense in order to sustain immediate production needs.

- Five (5) day Root Cause Analysis. Root cause response must include evidence of analysis in determining both the escape and occur points of the non-conformance as part of the corrective action report (e.g. 5 Why, Fishbone, etc.). This part of the corrective action report should be completed within 5 working days of the SCAR being issued.
- Ten (10) day Permanent Corrective Action. The corrective action plan must be identified and reported on the corresponding corrective action report within 10 working days of the SCAR being issued.
- Thirty (30) day Automatic Return. Material on Quality Hold that does not have an approved mitigation plan by the supplier (e.g. certification action identified, RMA for return, etc.) may be returned to the supplier or scrapped after 30 days from SCAR issuance at the supplier's expense.

The above stated process is a well-established expectation in the industry and is necessary if we are to achieve the high level of supply chain performance required by our customers.

8.4 COST OF POOR QUALITY (COPQ) RECOVERY

The supplier shall be responsible for all costs incurred by Messer and its customers in conjunction with a corrective action or any failure of the supplier's deliverables. Messer may take immediate actions to satisfy customer requirements while notification of the issue is provided to the supplier. A supplier shall respond to any debit notifications within 10 days.

Potential costs incurred include, but are not limited to:

- Incoming inspections
- Necessary sorting activities
- Return shipments or shipments to a third part location
- Analysis of warranty and field returns
- Rework, repair or scrap of product at Messer and/or its customer facilities
- Premium freight charges
- Process changes for accommodating product
- Additional inspections or process controls
- Costs to manage action items

8.5 REWORK/REPAIR OF PRODUCT

The supplier must have written rework instructions for any rework or repair operations performed on Messer products.

Under no circumstances shall the supplier rework or repair parts on material and ship them to Messer without receiving prior written authorization. Any parts shipped prior to obtaining the appropriate written approvals may be rejected and returned to the supplier at their expense.

§ 9 LABELING AND PACKAGING REQUIREMENTS

9.1 LABELING SPECIFICATIONS

Messer Cutting Systems requires that all individual packs (i.e. box/package of items) have clear, identifiable labels with part numbers affixed to them in an easy accessible and consistent location. The label should include all or part of the information below. The information included is based upon location and component or material.

- Part number
- Part Description
- Part Quantity
- Purchase order #
- Messer Part #
- Supplier name
- Supplier Part Number

Any mislabeled product received at Messer will be treated as 100% nonconforming material. Label errors will have a direct impact on supplier performance.

9.2 PACKAGING REQUIREMENTS

Suppliers are responsible for providing a design that insures part protection and integrity during shipping and handling. The supplier is responsible to identify and communicate any packaging changes and improvements.

Supplier need to ensure the package requirement for exports as per ISPM 15 international standards.

§ 10 SUPPLIER CODE OF CONDUCT

10.1 GENERAL

Supplier should comply with all laws and regulations that apply to its business. In addition, Suppliers are expected to comply with Messer Cutting Systems' "Code of Conduct." Adherence to the Code of Conduct will be included in supplier evaluation, and failure by suppliers to do so could be disqualified as a Messer supplier. See website for document.

10.2 ETHICS, INTEGRITY AND COMPLIANCE

- Corruption: Supplier shall not directly or indirectly offer or accept bribe or any other improper payment of gift.
- Accounting Report: Supplier's accounting records shall be kept in accordance with the laws of the applicable jurisdiction, they should be in sufficient detail, accurately and fairly reflecting the transaction, assets, liabilities, revenues and expenses and should not contain any false or misleading information
- Export and Import: Supplier shall provide all true and accurate import or export documents requested by Messer Cutting Systems.
- Child Labor: Supplier or subcontractor shall not employ any child below the age as prescribed by Local Government rules
- Force Labor: The Supplier or his subcontractor shall not employ any methods of forced labor for their operations

APPENDIX A

ENVIRONMENTAL POLICY

1. All the goods related to electrical & electronic equipment supplied to Messer Cutting Systems should comply with the EU directive on the restriction for the use of certain hazardous substances RoHS (EU Directive 2002/95/EC on Restriction on the use of certain Hazardous Substances in electrical and electronics equipment)
2. Supplier represent, warrants and covenants that it does and will comply with all the requirements, obligations, standards, duties and responsibilities under REACH (EC Regulation No 1907/2006 on Registration, Evaluation and Authorization of Chemicals).
3. Supplier employees should be aware of Environment Management Policy (As per 14001 EMS norms).
4. Self-declaration on non-usage of hazardous substances are available and following ecofriendly practices to minimize the wastages
5. Awareness and maintenance of MSDS – Material safety data sheets
6. Proper storage and disposal methods of residual waste
7. Adherence to pollution board/statutory requirements

APPENDIX B

SUPPLIER CRITERIA DEFINITION AND CALCULATIONS

OTD	**> 95% OTD**	**94.9% to 93% OTD**	**92.9% to 91% OTD**	**90.9% to 89% OTD**	**< 89% OTD**
	30	20	10	5	0
Quality (%NCC)	**0 to 0.5 %**	**0.5 to 1% of Non-Conforming Components**	**1 to 2% of Non-Conforming Components**	**2 to 3% of Non-Conforming Components**	**Beyond 3% of Non-Conforming Components**
	40	30	20	10	0
Cost	**No price revison on increase & Price reduction**	**Rate increase on value by 1 %**	**Rate increase on value by 3 %**	**Rate increase on value by 5%**	**Above 5 %**
	20	15	10	5	0
Relationship	0 - 10 points per subjective rating by the Regional Purchase Leader on the following: 1) Is there corporate alignment with both companies? 2) Is there examples of support for Messer; Training, Marketing, Service, etc.? 3) Is communication timely and effective?				

Supplier Type/Criteria	Quality (% of Non-Conforming Components)	On time Delivery (OTD)	Cost
Strategic	0 to 0.5%	>95%	0% increase and Price reduction
Maintain	0.5 to 2 %	89 to 94.9%	0.1 to 3% increase
Exit	>3%	< 89%	>3% increase

** Calculation of % NCC:
% NCC = Total Non-conforming Quantity / Total received Quantity in chosen period
Example: %NCC Quarterly

	Total Quantity in 3 month
Non-conforming part	2pcs
Total received part	100pcs
% NCC	2%

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APPENDIX C

SUPPLIER PROCESS SAFETY POLICY

The safety of Messer Cutting Systems associates, customers and suppliers is very important. The expectation for our supplier is to meet or exceed Messer Cutting Systems requirement for safety regardless of local norms.

This requirement includes the availability of appropriate personal protective equipment (PPE) such as safety glasses, earplugs, etc. for visitors as well as associates of the supplier's organization. At no time should any customer or person at a Messer Cutting Systems facility, be exposed to hazardous material. Packaging materials should comply with industry best practices and standards. For items with inherent hazards, safety notices must be clearly observable.

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