



## Supplier Handbook

### About Thomson Industries-

Thomson invented anti-friction linear technology over 60 years ago and has continued to lead the industry ever since. The Thomson brand is recognized and trusted as the global leader in mechanical motion technology and with global application experience in diverse industries including packaging, factory automation, material handling, medical, clean energy, printing, automotive, machine tool, aerospace and defense Thomson has developed the knowledge required to deliver products for critical applications.

Thomson products are preferred by our customers because Thomson is the name they can trust for high quality, innovation, on-time delivery, controlled costs and reduced risk.

Thomson™ is a leading manufacturer of a broad portfolio of brands and products:

CORE BRANDS	PRODUCTS MANUFACTURED
<u>Thomson</u>	<u>Linear Guides &amp; Bearings, Ball Screws, Linear Actuators, Linear Motion Systems, Prec. Balls</u>
Thomson NEFF	<u>Linear Motion Systems</u>
<u>Thomson BSA</u>	<u>Lead Screws</u>
Thomson Tollo	<u>Precision Linear Actuators, Linear Motion Systems</u>
<u>Deltran</u>	<u>Brakes and Clutches</u>
<u>Micron</u>	<u>Gearheads</u>
<u>API Delevan</u>	Inductors, Resolvers & Suppressors
<u>Cleveland</u>	<u>Screw Jacks, Linear Motion Systems</u>

Thomson Industries is a strategic segment of Altra Corporation, public company with a presence around the globe. Thomson Industries has manufacturing facilities in North America, Europe, and Asia along with supports sales, engineering and service offices globally.

The purpose of this document is to elaborate on the expectations Thomson Industries has of its suppliers with the intent to improve the accuracy and efficiency of our inbound product and enable more timely payment of invoices.

### **Supplier Code of Conduct**

It is expected that all Suppliers will comply with all laws and regulations applicable to their business, as well as the standards of their industry, including those pertaining to the manufacture, pricing, sale, distribution, labeling, import, and export of merchandise. Without limiting this requirement, the Supplier will not:

- (A) violate, misappropriate or infringe upon the intellectual property rights of Altra and its subsidiaries or any third party; or
- (B) engage in any activities which would violate any applicable laws and regulations relating to:
  - (1) bribery or illegal payments,
  - (2) laws against unfair competition,
  - (3) unfair and deceptive trade practices,
  - (4) the environment,
  - (5) health and safety,
  - (6) international trade, including exports and imports,
  - (7) data privacy,
  - (8) money laundering,
  - (9) employment,
  - (10) contracting with governmental entities, or
  - (11) medical devices, if applicable.

**Please see the extended version:**

[https://s22.q4cdn.com/325574979/files/doc\\_downloads/governance/Third-Party-Code-of-Conduct-FINAL-English.pdf](https://s22.q4cdn.com/325574979/files/doc_downloads/governance/Third-Party-Code-of-Conduct-FINAL-English.pdf)

## 1. QUALITY

Thomson Industries expects that all suppliers to achieve a DPPM (defective parts per million) level of **1,000 or better**. With supplier DPPM level monitored monthly using a rolling 3-month basis.

$$DPPM = \frac{\text{Quantity Rejected}}{\text{Quantity Received}} * 1000000$$

A SCAR (supplier corrective action report)/NCR (non-conformance report) will be generated for all non-conforming shipments. All returned parts will be debited to supplier via DM (debit memo) upon receipt of RMA (return material authorization) from the supplier. Suppliers are expected to supply RMA information within 48 (forty eight) hours from notification. Replacement shipments, if required, should be coordinated with the Thomson Industries buyer and may require a new PO (purchase order). All SCARs should be answered no later than within 21 (twenty-one) calendar days.

A SCAR form is attached in appendix A.

## 2. QUALITY RETURNS (RMA) / SUPPLIER CORRECTIVE ACTION REQUESTS (SCAR)

Thomson Industries will generate a NCR (non-conformance report) for any material that doesn't meet Thomson Industries drawings and /or specifications. The supplier will be notified of the discrepant material via a NCR form or a SCAR (Supplier Corrective Action Request) form A SCAR will require a supplier to submit a formal written corrective action to address the non-conformance. The necessity for a SCAR will be evaluated by Thomson Industries and will take into account potential impact to production costs, quality costs, performance, reliability, safety, and customer satisfaction. The supplier is expected to complete all the sections of the SCAR form with correct information and provide additional supporting documents where applicable. The completed SCAR form must be returned via email, no later than within 21 (twenty-one) calendar days from the issue date for timely closure.

Thomson Industries will disposition the discrepant material as; use-as-is, return to vendor, sort, or rework based on severity and production requirements.

RMA (return material authorization) process:

- 1) Thomson Industries will contact supplier to request an RMA# via a RMA request form. The Supplier is expected to have the RMA#, shipping account number and shipping address back within 48 hours after the initial request was issued.
- 2) Thomson Industries will generate a DM (debit memo) using the information from the RMA form.
- 3) The supplier will receive a copy of the DM from Thomson Industries ERP system for return of parts.  
NOTE: The DM does NOT authorize the supplier to send replacement material
- 4) The buyer will issue a separate PO to the supplier for the replacement material if required.
- 5) Thomson Industries will take the debit against open invoices for the supplier.

Sorting/Rework

- 1) Should Thomson Industries need to sort or rework material; Thomson Industries will bill the supplier at a rate of \$150 per hour for sorting and any other rework charges incurred.

- 2) Alternatively, the supplier can send a representative within 24 hours to sort or rework the material at Thomson Industries facility.

### **3. SUPPLIER DEVIATION REQUESTS**

In certain instances, it may be permissible for the supplier to temporarily deviate from drawing requirements and specifications. Supplier may request a SDR (Supplier Deviation Request) form. The SDR form must provide all required and pertinent information concerning the requested deviation. If non-conforming material is associated with the SDR, the supplier is responsible for the segregation of the non-conforming material until SDR approval is granted. Any discrepant material received at Thomson Industries without an approved SDR may be rejected and returned to the supplier at the supplier's expense with all additional handling and shipping costs incurred by the supplier. Once a SDR is approved, all material shipped must be accompanied by a copy of the signed and approved SDR.

An SDR form is attached in appendix A

### **4. ON-TIME DELIVERY**

Thomson Industries expects that our suppliers maintain **95% on-time delivery or better**. We work with our suppliers to achieve this goal through such programs as Kanban, consignment and VMI. Thomson Industries encourages suppliers to provide suggestions that will allow them to attain this goal.

PO (purchase order) requested dates are the date that product is expected at Thomson Industries dock, it is not the ship date. Suppliers are measured against the shipment requested date, not shipment promise date.

Thomson Industries reserves the right to return any product shipped in excess of the quantity ordered. If the quantity shipped is less than the quantity ordered, supplier must obtain buyer approval in writing to close the order. Supplier adherence to this process will be tracked in a quality database as product is received. Suppliers will be notified of violations.

### **5. COST - PURCHASE PRICE VARIANCE (PPV) / VALUE ADD/VALUE ENGINEERING (VA/VE)**

Thomson Industries expects from our suppliers the support on cost, so we can to sell our product at a competitive rate. Thomson Industries actively encourages and desires our suppliers to participate in cost reduction efforts and for these efficiencies to be shared between Thomson Industries and the Supplier. Examples of these activities include: kaizen events, material evaluation, enhanced manufacturing processes and tooling, etc.

Thomson Industries expects the supply base to continuously improve cost positions to drive year over year savings for Thomson and the Supplier, in the same way that Thomson does with its customers.

### **6. SUPPLIER PERFORMANCE**

Thomson Industries evaluates suppliers based on quality, delivery and customer service.

- Thomson Industries Score card - Suppliers performance in regard to quality and delivery will be communicated to suppliers via a Thomson Industries Score Card transmitted on a periodic basis.
- Thomson Industries SCIP (supplier continuous improvement plan) – Thomson Industries may engage key suppliers in a detailed review of their overall performance metrics.

## **7. MATERIAL REPLENISHMENT PROGRAMS**

Thomson Industries operates its material replenishment through different replenishment processes such as Kanban (primarily), Min-Max, MRP, Consignment, Sequencing, etc. The Kanban system utilizes a blanket PO with standard release quantities (bins) and set lead times (Just-in-time). The purpose of the Kanban program is to ensure an optimal flow of material. Thomson Industries identifies parts to be on the Kanban program based on usage and cost. Kanban quantities (also called releases or bins) are set quantities, which are predetermined between the Buyer and the Supplier.

The basic program expectations are as follows:

- Suppliers are expected to carry the negotiated minimum inventory levels to meet fluctuating demands.
- Thomson Industries will issue a master blanket PO for each item on the Kanban program and will issue a release (“Pull”) as necessary to replenish internal inventory. The “Pull” will have its own identifying PO Line number and will deduct off the master blanket PO.
- Product liability will be determined by an LTA (Long Term Agreement), not by PO quantity.
- The due date for all “Pull” will be based on a set lead time agreed to by the Supplier and the Buyer. This is the JIT (just-in time) lead time. The due date (or request date) is the date product is due at Thomson Industries dock.
- Detailed program requirements may be further defined in a Long Term Agreement.
- For Overseas Suppliers Thomson Offers the option to keep consignment Stock using a 3PL warehouse, (paid by Thomson) with the ending objective of simplifying the Supply chain and reducing lead time.

Thomson Industries also engages suppliers in several other material management programs such as VMI (vendor managed inventory), consignment and third party consignment. Suppliers will be expected to consider participation in these programs as requested by Thomson Industries.

## **8. PURCHASE ORDER CONFIRMATION**

Suppliers are expected to confirm receipt of each PO with buyer within 48 (forty eight) hours of release of the PO. Failure to confirm receipt of a purchase order will be assumed to imply acceptance. The Buyer’s Standard Terms and Conditions of Purchase (“Terms”) apply. The Terms are located at

<https://www.thomsonlinear.com/en/support/supplier-terms-conditions>

## **9. NATIONAL DEFENSE RATING**

Thomson Industries may issue a PO with US Defense Priority requirements. In the event of a PO being rated as a Defense Priority, the Supplier will be advised of the DPAS rating and is required by U.S. law to follow the provisions of the DPAS regulation (15 CFR 700).

## **10. SUPPLIER SUPPLY CHAIN CHANGES**

Thomson has the right and Supplier is obligated to inform to Thomson for any change in the supply chain, e.g. change of manufacturing location, change in the warehouse location, change in the sub supplier, etc.

## **11. INVOICING AND PAYMENT**

Payment of invoices, less any amounts in dispute, will be made at **net 90 days check/wire transfer** or **net 60 days credit card** from the date of acceptable invoice(s), unless otherwise negotiated in writing. International wires are also an option.

For payments, the supplier must send the commercial invoice directly to Thomson Industries in one of the following addresses:

**Goods delivered to U.S.A.**, please refer to your Accounts payable contact or to:

- email: [apquestions@thomsonlinear.com](mailto:apquestions@thomsonlinear.com)
- Phone: (815) 568 3288
- mail: Attn: Accounts Payable  
1300 North State St  
Marengo, IL 60152

**Goods delivered to Sweden**, please refer to your Accounts payable contact or to:

- Email: [Accounts.Payable@tollo.com](mailto:Accounts.Payable@tollo.com)
- Phone +46 44 24 67 41
- Mail: Attn: Accounts Payable  
Estridsväg 10  
SE-29165 Kristianstad  
Sweden

For other regions please contact to your local Thomson contact.

Invoices must include the following:

- Invoice date
- Supplier name and remit to address
- Thomson Industries PO number(s) - if the shipment is a kanban release or pull, this is the specific release number, NOT the blanket order number
- Thomson Industries part number(s)
- Quantity shipped (in the same unit of measure as on the PO)
- Price (in same currency as on PO, usually US dollars)
- Packing slip number / reference number that ties each invoice to a specific shipment

## 12. PACKAGING AND LABELING

Each package/carton in the shipment should contain a label that specifies the following:

- Supplier name
- Country of Origin
- Thomson Industries PO number(s) - if the shipment is a kanban release or pull, this is the specific release number, NOT the master blanket PO number
- Thomson Industries part number(s) and revision
- Date of manufacture
- Quantity in box

In addition, the shipment should contain, at a minimum, the following paperwork:

- Commercial invoice (international shipments only)
- Packing list
- CoC (Certificate of Conformance),

- CoO (Country of Origin certification)
- Material certifications and secondary operations certifications
- Mill certification (as applicable)
- Other paperwork as required by Thomson

Documents should be attached to outside of box, with one set of duplicate documents inside the carton. If the shipment contains multiple cartons, “parcel shipment” the paperwork should be included in one carton clearly marked “paperwork enclosed”.

Maximum allowable weight for each package-Box is 25 (twenty-five) pounds, so it can be treated as parcel Shipment). All goods shall be packaged and packed by the Supplier adequately to ensure arrival at destination in an undamaged condition. Anything bigger than this should contain same information, but it will be handled as “LTL” (less than a truck load, for domestic) or “LCL” (Less Container Load shipments, for Overseas) and follow individual shipping instruction (sent via email along with purchase order). All international shipments must be boxed and contents rust-proofed and otherwise protected to prevent damage in transit and meet all export shipping requirements.

Notice to all Non-Domestic Suppliers: Per U.S. import regulations, all parts must be marked with Country of Origin; all stainless steel parts must include a material certification, traceable to the manufacturing mill, with each shipment.

### **13. FREIGHT TERMS**

Thomson Industries standard freight terms for domestic shipments will be by Thomson Industries assigned carrier as FCA Origin, Freight Collect, unless specifically stated otherwise in any Long Term Agreement between the Supplier and the Buyer. Shipping terms for international shipments are FCA, Port of Origin, Freight Collect, per INCOTERMS 2010, unless specifically stated otherwise in any such Long Term Agreement.

In addition, the Supplier must follow shipping instructions as listed in “Thomson Industries freight routing guide”, unless otherwise instructed in writing.

### **14. DRAWINGS AND QUOTING**

Thomson Industries provides 2D drawings to control fit and form of parts. It is Thomson Industries expectation that all parts provided will meet ALL of the drawings requirements (including material requirements and notes). Changes that will improve availability or cost of the product may be submitted for review by Thomson. If requested change is accepted the drawing will be revised to include the change. Parts supplied must meet current Thomson drawings. Any quote submitted without exceptions noted will be assumed to meet ALL drawing requirements.

### **15. TOOLING AND EQUIPMENT PAID BY THOMSON**

Thomson Industries may require inventory of the Thomson assets at the Supplier’s location. Thomson Industries keeps the right to require the return of the tooling, dies, equipment or any other asset belonging to Thomson.

### **16. SUB-CONTRACTING**

Thomson Industries must be notified at time of quotation of any primary process or procedure not performed directly by the Supplier. Additionally, the Supplier must notify Thomson Industries of any changes to fabrication

processes and sub-contract sources and new FAI units may be required. The Supplier is responsible to manage the quality and liability of their sub-contracted suppliers.

### **17. FORMAL PART QUALIFICATION PROCESS (FPQP OR PSW)**

Thomson Industries uses a Formal Part qualification process, “FPQP” and PSW (Part submission warrant) depending on each Site for approval of any new parts. The first time Thomson Industries receives a part or revision level from that supplier, the part is considered new.

A part is considered new until the part has received Final Acceptance by Thomson. This requires the supplier to submit an FAI (first article inspection) sample parts along with the package of documentation required based on the FPQP or PSW. FPQP level is determined based on the part complexity and criticality of the part to Thomson Industries application. Upon submission of FPQP package and samples, Thomson Industries will make the determination on the approval or rejection of the part and will notify the supplier. This process may require more than 1 (one) sample unit be submitted and in some cases this process may take some months.

Any production quantities of parts produced prior to final acceptance of a part are the responsibility of the supplier, unless alternate arrangements have been made in writing by Thomson Industries and the supplier. The transition period to ramp up to full production volumes of a new part may take an extended period as Thomson Industries fulfills any pre-existing commitments.

### **18. SUPPLIER CERTIFICATIONS**

Supplier must have a robust Quality process in place, (ISO 9001:2015 certification). AS 9100 is required in some circumstances.

ISO 14001:2015 preferable, if not, supplier shall have an action plan for certification within the next 36 months.

- In specific circumstances supplier, will be required to present the total net emissions of carbon dioxide caused by the service in question, and the target for the supplier is to reduce net emissions during the business relationship.

Thomson may require to extend this requirement to your tier suppliers (one, two or tier three)

### **19. COMPLIANCE WITH LAWS AND REGULATIONS**

It is Thomson Industries expectation that suppliers comply with all applicable laws and regulations. Thomson Industries has strict policies regarding Equal Opportunity Employment, Conflict Minerals, REACH, ROHS, Prop 65 compliance, counterfeit parts, anti-dumping, mercury, and export and import regulations. If any of these points are not met Thomson will terminate business relationship.

As part of the AS9100D Standards, Thomson has the right to require to any of our suppliers, access by the Organization, our customers and regulatory authorities to the applicable areas of facilities and to the applicable documented information, at any level of the supply chain.

### **20. SUPPLIER VISITS**

Thomson Industries expects suppliers to allow Thomson Industries personnel to visit Supplier’s site(s) as required. Thomson Industries also expects that Suppliers will visit Thomson Industries on a periodic basis to support business needs.



## 21. Counterfeit parts

Counterfeit Parts Supplier shall implement and maintain a Counterfeit Item risk mitigation process internally and with sub-tier suppliers.

Any items identified by Supplier as counterfeit must be removed from shipments to Thomson. At any time if Thomson has reasonable cause to believe Supplier has provided counterfeit material, whether material remains in Thomson inventory, WIP, or in the form of finished goods, Supplier will be responsible for all costs deemed necessary and reasonable to investigate and replace counterfeit materials. These costs include, but may not be limited to, travel expense, legal expenses, shipping costs, fines or penalties, labor, replacement materials & administrative expenses.

Thomson Industries Standard Terms and Conditions of Purchase are located on our web site

### Glossary of Terms:

- **Cold Start Lead Time** – Length of time for Thomson Industries to receive a kanban quantity when issuing a new blanket purchase order.
- **Discrete Purchase Order**- A Discrete Purchase Order # is 7 digits long and typically begins with the number 1 or Letter D and is for a specific quantity of parts to be delivered on a specified date. Also referred to as a Standard PO.
- **PQCS** – Part Qualification Check Sheet.
- **JIT Lead Time** – Length of time for Thomson Industries to receive a kanban quantity from a supplier when releasing it from an existing master blanket purchase order. This time period includes supplier order processing time as well as shipment time (days in transit).
- **Kanban** – A material pull system in which a customer (Thomson) signals suppliers that material is required.
- **Kanban Agreement** – Document which outlines the responsibilities of the supplier and Thomson.

### “Attachment A”

#### Attachment A: Pricing and Service Agreement

Site (buyer): \_\_\_\_\_  
 Supplier's name: \_\_\_\_\_  
 Blanket PO # Reference: \_\_\_\_\_

Original Date of Blanket Agreement: \_\_\_\_\_

Buyer's Part Number	Revision Level	Description	Unit Of Measure	Manufacturer's Part Number	Estimated Annual Usage	Classification (A, B, or C)	VMI (Y or N)	Unit Price pre UOM	Est Unit Price	Country of Origin	NCR (Y/N)	Release Quantity	Package Size (QPC)	Stocking Program Lead Time (working days)	Manufacturing Lead-time (working days)	Stocking Program Implementation Date	Minimum Stocking Expectation (Qty = 1 min production)	Maximum Stocking Expectation (Qty = 3 min production)	Maximum Finished Stock Liability	Spike Threshold (The release amount beyond normal expected demand that will warrant Buyer funded expedited freight) equal to the maximum stocking expectation.	Raw Material Maximum Commitment (Indicate specific material spec, quantity, UOM and value)
								\$0.00	\$0.00										\$0.00		
								\$0.00	\$0.00										\$0.00		
								\$0.00	\$0.00										\$0.00		
								\$0.00	\$0.00										\$0.00		
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								\$0.00	\$0.00										\$0.00		

**Definitions:**

Stocking Program Lead Time: Lead time to ship from stock plus the transit lead time once release is received.

Manufacturing Lead Time: Lead time required if no finished goods stock available.

Minimum and Maximum Stock: Quantities as negotiated depending on demand, manufacturing lead time and economic order quantities.

Spike Threshold: Typically the minimum stock quantity. The amount of one release that will trigger Buyer's obligation for expedited freight.

NCR: Noncancelable, Nonreturnable material. Material that cannot be returned or restocked if order is canceled. In the event of cancellation, Buyer assumes responsibility for stocked inventory up to the Maximum Stocking expectation indicated above.

- **Kanban Bin Quantity** (release quantity) – Predetermined release quantity based on usage, JIT lead time and safety stock.
- **Kanban Card** – Internal document which contains part information, used as an internal signal.
- **Kanban Release Order or Pull** – A Kanban Release Purchase Order # is 7 digits long and typically begins with the number one and will decrement the quantity on the master blanket purchase order.

- **Master Blanket Purchase Order** – An estimated quantity of product required over an extended period of time. Due date on this type of order is the intended date for the order to have shipped complete.
- **P-card** – Thomson Industries preferred method of payment is a purchasing card (p-card), also referred to as a credit card.
- **Processing Lead Time** – Length of time for supplier to internally restock a new manufacturing lot.
- **Supplier Continuous Improvement Plan (SCIP)** – Process used by Thomson Industries to identify opportunities for supplier improvement.
- **Supplier Quality Engineer (SQE)** - Primary point of contact for all quality related issues and correspondence. Supplier Corrective Action Requests, Supplier Deviation Requests, and any quality related requirements must be managed in coordination with the Supplier Quality Engineer and the Buyer.
- **Supplier Scorecard** – A tool to measure a supplier's quality and delivery performance.

**Adan Padilla**

Director, Global Supply Chain.

**Supplier Acknowledgment:**

**Name:**

**Title:**

**Company Name:**

**Date:**