

# ***GSI Lumonics***

## Supplier Handbook

### **Statement of Purpose**

This handbook outlines the expectations of suppliers to GSI Lumonics' facilities in North America and the United Kingdom.

Suppliers must ensure that their employees and contractors understand the requirements of this handbook. GSI Lumonics reserves the right to update the Supplier Handbook as business needs or conditions warrant.

For additional information or help, contact the Purchasing or Supplier Quality Engineering representative at the GSI Lumonics facility you supply.

**TABLE OF CONTENTS**

<b>1. Section One – Introduction</b>	Page 3
1.1. Objective	
1.2. Scope	
1.3. Sourcing Strategy	
<b>2. Section Two – Quality Requirements</b>	Pages 4–7
2.1. Values	
2.2. Documentation Adherence	
2.3. Monitoring Supplier Performance	
2.4. Change Notification	
2.5. Rejected Material Charge Back Policy	
2.6. Quality Data and Records	
2.7. Supplier Quality System	
2.8. Verification of Supplier Quality Products and Processes	
2.9. Inspection and Acceptance	
2.10. Initial Samples/First Articles	
2.11. Supplier Corrective Action	
<b>3. Section Three – Procurement Issues</b>	Pages 8–9
3.1. Quotations	
3.2. Terms of Conditions	
3.3. Prices	
3.4. Continuity of Supply	
3.5. Service Part Requirements	
3.6. Tooling Payment Terms	
3.7. Documentation	
<b>4. Section Four – Delivery Requirements</b>	Page 10–11
4.1. Packaging and Shipping Requirements	
4.2. Delivery Schedules	
4.3. Delivery Times	
4.4. Packing Slips	
4.5. Labels and Packaging	
4.6. Hazardous Material	
<b>5. Section Five – Visitors and Delivery Personnel</b>	Page 12
5.1 Visitors	
5.2 Non-Disclosure Agreement	
<b>6. Section Six – Locations and Telephone Numbers</b>	Page 13

## Section One – Introduction

### 1.1 Objective

The objective of this handbook is to provide our suppliers with an understanding of the requirements they must meet to supply GSI Lumonics with products or services. Additional information may be obtained by contacting the Purchasing or Supplier Quality representative at the GSI Lumonics facility you supply.

### 1.2 Scope

This handbook applies to suppliers who provide production materials, supplies, services, and consultants used in support of GSI Lumonics product design, development, manufacturing, test, distribution and service. This handbook is intended to be a supplement to, and does not replace or alter, other terms and conditions covered by purchase contracts, specified warranty agreements, or other separate written agreements.

### 1.3 Sourcing Strategy

GSI Lumonics intends to establish and maintain long-term relationships with suppliers who are committed to continuous improvement in cost, quality, delivery and service. This commitment is an expectation of all suppliers. Those suppliers who embrace this philosophy will have the opportunity to enter into long-term relationships with GSI Lumonics. GSI Lumonics believes evidence of this commitment to a continuous improvement philosophy includes, but is not limited to; ISO-9000 certification, proactive supply-chain management, 100 % conformance to requirements, delivery performance, productivity improvements and competitive pricing. In turn, GSI Lumonics will deal with our suppliers honestly and with integrity, strive to listen to our suppliers concerns, communicate our requirements and provide our suppliers with the appropriate tools to perform at world-class levels.

## Section Two – Quality Requirements

### 2.1 Values

GSI Lumonics is a customer driven organization whereby we are sensitive to the values and expectations of our customers. We strive to satisfy our customers with quality products and services that are delivered on time and conform to a world class level of quality. The total satisfaction of our customers is our primary goal. This goal is achieved by our commitment to quality through continuous improvement of products, processes, services, and people.

### 2.2 Documentation Adherence

Quality is a prime consideration for supplier selection and sourcing at GSI Lumonics. Your dedication to quality and strict adherence to the following documentation will clearly define your value as a GSI Lumonics supplier:

- This GSI Lumonics Handbook,
- GSI Lumonics Specifications/Drawings and Purchase Order
- Requirements, GSI Lumonics Packaging & Shipping Requirements Manual.

### 2.3 Monitoring Supplier Performance

Compliance to GSI Lumonics requirements will be monitored quarterly through the GSI Performance Rating System (PRS) as it is considered an important part of our supplier development strategy. Performance reports will be provided to suppliers on a quarterly basis, or as required.

We want to assist in our suppliers' continuous improvement efforts through a process of positive interaction. Our approach is to prevent problems before they become obstacles to success. If problems arise, we strive to resolve them by working with our suppliers to find the appropriate solutions.

Supplier Rating Classifications (as determined by GSI Lumonics' ERP system) are as follows:

- **Supplier Partner** – a supplier who excels in the areas of quality, delivery, cost and service. Preferred suppliers consistently achieve GSI Lumonics supplier ratings of 100%. Supplier Partners will be given preference for new and additional GSI Lumonics' business.

- **Preferred Supplier** – a supplier who consistently achieves GSI Lumonics supplier rating of 95% and above.
- **Approved Supplier** - a supplier who consistently achieves GSI Lumonics supplier rating of 90% and above.
- **Conditional Supplier** – a supplier who consistently achieves GSI Lumonics supplier rating of < 90% or a supplier who has yet to be rated.

### 2.4 Change Notification

Suppliers will make no change to materials, process (including manufacturing process), manufacturing location or tooling without prior written authorization from GSI Lumonics.

To receive a temporary product specification change, the supplier:

- Must contact their GSI Lumonics Supplier Quality representative and get a written *Deviation* or *Waiver* to supply that facility prior to shipment. This will state the maximum quantity or period for which the deviation shall apply.
- Must include a copy of the signed deviation with each shipment of nonconforming product.
- Will be fully exposed to all warranty claims and rework or reject costs, for shipments of product which do not conform to specification.

### 2.5 Rejected Material Charge Back Policy

If GSI Lumonics rejects material because of nonconformance to specification, the following charge-back schedules may apply:

Solution	Effect	Applicable Charge-back
Reject	Return to Supplier	Freight and charge back for product
Reject	Scrap	Charge back for product
Rework	Charge to Supplier	GSI Lumonics incurred cost

If we have reject material, we will communicate the problem to you at the time to discuss action needed. The supplier's personnel should come to the receiving location to sort, rework or replace the components and resolve the problem. If time does not permit, GSI Lumonics will take the required action

and charge back the supplier for costs incurred.

GSI Lumonics may seek to recover from a supplier any damage resulting from a delivery of nonconforming product, which may additionally include the following:

- If the reject is a repeat issue (same part, same rejection reason within a 12-month time frame), the supplier may be charged back a minimum of \$500 for administrative costs.
- If the reject is discovered in production or beyond (i.e., at GSI Lumonics' customer or in the field), regardless if it is a repeat issue or not, the supplier may be charged back a minimum of \$1,000 for administrative costs.

The supplier may also be held responsible for resulting charges imposed by a GSI Lumonics' customer, such as warranty claims or costs associated with a recall campaign.

If the reject causes downtime in a GSI Lumonics' process/plant, the supplier may be charged back an amount based on the following formula:

(Downtime Hours X Burden Cost/Hour) + (Variable Cost Incurred  
- i.e., Expedited Freight, Customer Shutdown Charges, etc.)

\* Please note that these charges may be invoked only when a supplier's product does not conform to contractual requirements and/or specifications.

## 2.6 Quality Data & Records

When required by GSI Lumonics' Purchase Order, the supplier must submit reports such as Certificate of Compliance, Certificate of Analysis, Test & Inspection Records, and/or SPC data. Failure to do so may delay payment.

## 2.7 Supplier's Quality System

If the supplier has stated that they operate to an internationally recognized quality standard (e.g., ISO 9000), then GSI Lumonics will expect the supplier to adhere to this standard unless otherwise agreed to in writing.

It is a GSI Lumonics requirement that our suppliers:

- Shall establish, document, and maintain a quality system as a means of ensuring that product conforms to specified requirements.

- Work toward the implementation of ISO 9000 as their fundamental quality system requirement.

#### 2.8 Verification of Supplier's Products & Processes

When required, GSI Lumonics or GSI Lumonics' customers shall be afforded the right to verify at the supplier's premises that the product or services supplied to GSI Lumonics conform to specified requirements. This verification does not waive the requirements listed in section 2.9

#### 2.9 Inspection and Acceptance of Material/Articles

All materials furnished must conform to contractual requirements/specifications and are subject to inspection and approval of GSI Lumonics after delivery. If fault is found with the material, GSI Lumonics reserves the right to withhold payment. GSI Lumonics also reserves the right to reject and/or return at the risk and expense of the supplier, all or any portion(s) of shipment(s) that fail to comply with GSI Lumonics requirements or specifications.

#### 2.10 Initial Sample/First Article Reviews

When required by Purchase Order, the supplier shall submit a first piece sample(s) along with a First Article/Initial Sample Inspection Report. The purpose of the initial samples is to confirm that production level parts meet all drawing and specification requirements and that the supplier's processes are capable of producing the product. To obtain the applicable forms, contact the Purchasing or Supplier Quality Engineering representative at the GSI Lumonics facility you supply.

#### 2.11 Supplier Corrective Action Requests (SCARS)

The supplier must address all Supplier Corrective Action Requests within the specified due date as defined by the originator of the SCAR. All SCAR responses must address root causes and actions implemented to prevent recurrence of the problem. GSI Lumonics is willing to assist suppliers with root cause analysis upon request. A copy of the SCAR form can be found on the GSI Lumonics website at [WWW.GSILumonics.com](http://WWW.GSILumonics.com).

### Section Three – Purchase Issues

#### 3.1 Quotations

All quotations must include any additional costs such as tooling, delivery, packaging to supply the item or service, and must be provided on the GSI Lumonics Request for Quote.

#### 3.2 Terms and Conditions

The Purchase of a product or service can only be initiated by issuance of a GSI Lumonics purchase order or supply chain contract. The purchase contracts constitute an offer of purchase, which may only be accepted subject to GSI Lumonics' standard Terms and Conditions of sale. If the supplier does not have a copy, GSI Lumonics will provide a copy on request. Terms and Conditions are available on the GSI web site, [WWW.GSILumonics.com](http://WWW.GSILumonics.com). Any expression of acceptance from the supplier, including shipment of product will constitute acceptance of these Terms and Conditions. Any different or additional terms contained in any response issued by the supplier shall be of no effect whatsoever, unless specifically agreed to in writing by GSI Lumonics. GSI Lumonics specifically objects to any attempt by supplier to limit warranties or GSI Lumonics' remedies.

For production components, the payment terms shall be net 30, unless otherwise specified on the purchase contract. Freight terms shall be FOB Shipping Point - freight collect, per GSI Lumonics' specified carrier, unless otherwise specified on the purchase contract.

#### 3.3 Prices

**GSI Lumonics requires all supplier invoice prices and quantities to match GSI Lumonics purchase contract prices exactly, to ensure timely processing.**

To achieve this, any price change must be documented by the issuance of a modified purchase contract. The GSI Lumonics purchase order defines what we understand as the agreed price. Invoices that do not match may result in payment delays. Payment terms will apply when GSI Lumonics receives a conforming invoice.

When GSI Lumonics' invoice-less system is used, the purchase contract price will automatically be used for payment.

When the supplier is participating in GSI Lumonics' Consignment Program, the pricing on the GSI Lumonics transaction register will be used.

### 3.4 Continuity of Supply

Every supplier is faced with the possibility of production being interrupted by unforeseen circumstances, such as fire, power loss or machine breakdown. Because any interruption in supply may result in substantial damages, particularly if it results in GSI Lumonics not being able to meet customer demands, we require each of our component suppliers to develop a plan for continuity of supply. This plan must be immediately available on request.

### 3.5 Service Part Requirements

By accepting a production contract from GSI Lumonics, the supplier agrees to maintain the tooling, facilities, gauges, fixtures and equipment required to manufacture the contracted component(s) for at least seven (7) years following the end of production. Service order pricing parameters should be agreed upon during the production launch process.

### 3.6 Tooling Payment Terms

Tooling payment terms will be 33.3% upon GSI Lumonics PO issue, 33.3% at an agreed upon mid-point of tool completion, and the remaining 33.3% upon tool acceptance by GSI Lumonics, unless otherwise agreed to on the purchase contract.

### 3.7 Payment Documentation

One packing slip and one invoice per delivery.

You must include the following information on each invoice; GSI Lumonics purchase order number, release or line number, GSI Lumonics part number (including revision), quantity, price & delivery location. The unit of measure and price must match the purchase order exactly.

Please refer to GSI Lumonics' Packaging & Shipping Requirements Manual for information that must be included on packing slips and labels.

If invoices do not meet the requirements listed above, GSI Lumonics may return them to the supplier for correction.

Suppliers, whose packing slips and labels do not meet the requirements listed in GSI Lumonics' Packaging & Shipping Requirements Manual, may be charged back \$100 for each occurrence.

## Section Four – Delivery Requirements

### 4.1 Packaging & Shipping Requirements

All component and raw material suppliers must meet the GSI Lumonics' packaging and shipping requirements. GSI Lumonics Purchasing must agree to, deviations from this in writing.

GSI Lumonics has a Packaging & Shipping Requirements Manual, which is available through the GSI Lumonics website ([www.GSILumonics.com](http://www.GSILumonics.com)) or upon request.

### 4.2 Delivery Schedules

It is the supplier's responsibility to ensure goods are received at the required location on the date/time required by GSI Lumonics. GSI Lumonics expects 100% on time delivery performance. Suppliers may be required to provide corrective action whenever this requirement is not being met. If late deliveries cause damages, supplier may be charged back accordingly, (e.g. if late delivery causes downtime in a GSI Lumonics process/plant, the supplier may be charged back an amount based on the formula described in section 3.3).

\*Please note that these charges may be invoked only when a supplier's product is received late per the contractual requirements.

It is the supplier's responsibility to inform GSI Lumonics' Purchasing or Materials department immediately of any potential difficulties in meeting delivery requirements. Alternative plans may be available which would avoid downtime and the corresponding costs.

GSI Lumonics' expectation is that all delivery requirements will be adhered to (including during holiday or other supplier shutdown periods), unless prior written arrangements are made.

### 4.3 Delivery Times

Each facility has hours when deliveries are allowed. Please contact the facility to confirm these times.

If unable to deliver during these times, then you must contact GSI Lumonics to make alternative arrangements.

#### 4.4 Packing Slips

Packing slips must be included with every delivery, in accordance with GSI Lumonics Packaging and Shipping Requirements Manual.

#### 4.5 Labels on Packaging

Follow the label requirements defined in the GSI Lumonics Packaging and Shipping Requirements Manual. The Packaging and Shipping Manual can be found on the GSI Lumonics website - <http://www.GSILumonics.com>.

#### 4.6 Hazardous Material

Follow all relevant Health, Safety and Environmental regulations. Ensure all proper markings are on containers. MSDS sheets must be made available to GSIL Purchasing or Facility representatives upon delivery of goods.

We reserve the right to refuse any delivery that does not conform to these delivery conditions.

**Section Five – Visitors and Delivery Personnel****5.1 Visitors**

Visitors and delivery personnel must have visitor badges if they enter any of the GSI Lumonics' buildings beyond the receiving areas or lobbies.

**5.2 Non-Disclosure Agreement**

Frequent Visitors may be asked to sign GSI Lumonics' Non-Disclosure and Indemnification Agreement." In addition to this, proof of liability insurance may be required.

**Section Six – Facility Locations and Telephone Numbers**

<b>Facility</b>	<b>Location</b>	<b>Phone Number</b>
Billerica	39 Manning Rd. Billerica, Massachusetts, USA 01821	(800) 342-3757
Rugby	Cosford Lane, Swift Valley Rugby, Warwickshire CV21 1QN, England	44 1788 570321
Wilmington	60 Fordham Road Wilmington, Massachusetts, USA,	(979) 661-4300