

# Procurement Policy

April 2014

We want to be fair, but demanding and challenging with our suppliers. Procurement activities are coordinated at Group level and will be extended step by step to appropriate markets. Periodically strategic sourcing initiatives will be conducted, employing solid supply market intelligence to challenge the competitiveness of current suppliers. We want to secure and develop HUBER+SUHNER's strong competitive position by long term relationships with our suppliers. The aim of close and cross functional cooperation with our suppliers is a continuous improvement with respect to Technology, Quality, Responsiveness, Dependability, Cost, Environment and Business to the benefit of our customers. We want to minimize our risks in the supply chain.

## Supplier Management

HUBER+SUHNER uses a Supplier Management System, which provides sound processes for the evaluation, qualification, selection, rating and continuous development of globally competitive suppliers.

## Partnering

We strive to build long term relationships with our key and preferred suppliers, to our mutual benefit. Our main goals are to optimize product costs by early supplier involvement, process costs, reduce inventory levels, reduce processing and cycle times, foster innovation and eliminate non-value added activities and continuously reduce total procurement costs. To this end commercial terms and conditions, as well as service and performance requirements will be defined in specific agreements.

## Procurement Documentation

All technical requirements are clearly defined in the Technical Delivery Conditions, Procurement Specifications, Drawings and Packaging Instructions. The compliance with these requirements including compliance to legislations like WEEE, RoHS, REACH, child labor, conflict minerals, protection and employee safety, sanction list to fight terrorism and HUBER+SUHNER rules concerning «Corporate Social Responsibility» has to be confirmed by suppliers in the requirements, feasibility sheet and in regular supplies ratings.

## Quality Control

We optimize processes jointly with our suppliers with the target of «zero defects» and 100 % delivery reliability at competitive costs. We attach great importance to the reduction of incoming inspection by optimized process control.

## Procurement Policy / Strategy

These are aligned with and based on the corporate policy of HUBER+SUHNER. This Procurement Policy is supplemented by a HUBER+SUHNER Procurement Strategy which is designed to develop, manage and capitalize upon our supplier's capabilities to realize the corporate goals of HUBER+SUHNER.