

Supplier manual



Introduction

Komatsu Forest is committed to meet or exceed our customer's expectations by providing superior products while displaying excellence in quality, competitiveness, innovation, delivery and service. As an extension of our business operation, we require our suppliers to share in this commitment and work towards 100% On Time Delivery with zero defects.

The Komatsu Forest supplier manual provides a general overview of Komatsu Forest expectations of its suppliers and practical instructions for their implementation.

This manual is applicable both for existing Komatsu Forest suppliers as well as for companies desiring to become a supplier. It is intended to provide guidance on how to build supplier operations that meet our company requirements and expectations.

This supplier manual does not overrule any signed agreements, drawings, specifications, and/or instructions applied to specific products in detail.

This manual shall be reviewed and communicated to the appropriate individuals within your organization. Compliance to all requirements listed within this manual is expected.

Supplier Scorecard

As a Supplier to Komatsu Forest your performance will be monitored relating to CSR, Delivery Performance, Quality and Cost. The different measuring protocols are noted in each chapter of this manual. You will receive an overall Score as a Komatsu Forest supplier, this score is used as a guide for our future co-operation, as seen below.

	S	L	Q	D	C	Overall
A	17+	17+	17+	17+	17+	85
B	11-16	11-16	11-16	11-16	11-16	55
C	5-10	5-10	5-10	5-10	5-10	25
F	<5	<5	<5	<5	<5	<25

- **A** – Excellent performance in Delivery, Quality, Cost Improvement and CSR-related activities. The Supplier will be prioritized for new business.
- **B** – Acceptable level overall but underperforming in one or more areas, smaller disruptions to production or customer deliveries. Improvement needed, recommendation is to set an improvement plan.
- **C** – Underperforming to a level that severely affects Komatsu Production and Customer deliveries. Action plan is produced with clear deadlines for improvement. If this plan is not followed the supplier is demoted to F. The Supplier is not eligible for new business.
- **F** – Komatsu will present a plan to end the supplier relationship in a controlled manner.

Definitions and acronyms

COC = Code of conduct

Code of conduct states business ethics, social and environmental performance criteria for Komatsu Forest AB employees and all business partners.

EDI = Electronic data interchange.

The computer-to-computer exchange of business documents in standard electronic format between business partners.

FKES = Forest Komatsu engineering standard.

FKES is Komatsu Forest AB standard for internal design processes as well as supplier requirements for manufacturing and transport.

JUHIN = Serious Quality Problem.

The expectation is taking maximum use of resources inside and outside of Komatsu Forest in order to quickly solve, take countermeasure and prevent problems.

NCR = Non-Conformity Report.

A report that is sent to suppliers whenever a product does not comply with specified standards or requirements.

RCA = Root cause analysis.

RCA is a method of problem solving used for identifying the root causes of faults or problems.

REACH = Registration, evaluation, authorization and restriction of chemicals.

Is a European union regulation. REACH addresses the production and use of chemical substances, and their potential impacts on both human health and the environment.

REJECT RATE = How many percent of delivered products from the supplier does not meet specified standards or requirements.

SIM = Supply integration Manager.

A web portal used by Komatsu Forest AB to increase automation of delivery, forecasts, purchase orders, goods label print outs and dispatching.

SLQDC = Safety – law – quality – delivery – cost

The "SLQDC" is an acronym for Safety (safety and health), Law (general compliance with the law/compliance with environmental regulations), Quality (quality and reliability), Delivery (timing), and Cost.

SQA = Supplier quality assurance.

Group within quality assurance department at Komatsu Forest AB. Responsible for part and supplier quality.

Contents

1	Safety	1
1.1	Safety and health	1
1.2	Evaluation.....	1
2	Law	2
2.1	Code of conduct for suppliers	2
2.2	Compliance.....	4
2.3	Restrictions of use of chemicals in products	4
2.4	Evaluation.....	4
3	Quality	5
3.1	Certification requirements	5
3.2	Change request.....	5
3.3	Daily management	5
3.4	Design review	5
3.5	Deviating material.....	5
3.6	FKES	5
3.7	Measuring devices	6
3.8	Nonconformity and Field warranty claim	6
3.9	Part introduction	7
3.10	Personnel competence.....	7
3.11	Quality requirements	7
3.12	Service – Maintenance - Contingency plan.....	8
3.13	Subcontractors	8
3.14	Supplier audit.....	8
3.15	Supplier changes	9
3.16	Evaluation	9
3.17	Target / KPI / Monitoring	9
4	Delivery	10
4.1	Information transfer	10
4.2	Electronic data interchange.....	10
4.3	Supply integration manager	10
4.4	Delivery schedule definition	10
4.5	Delivery accuracy	11
4.6	Packaging.....	11
4.7	Labelling instructions.....	12
4.8	Transport instruction.....	13
4.9	Invoicing	13
4.10	Evaluation	14
5	Cost	15
5.1	Komatsu Forest Purchasing General Conditions	15
5.2	Confidentiality agreement	15
5.3	Requests	15
5.4	Quotation	15
5.5	Cost Breakdown	15
5.6	Supplier selection & introduction.....	15
5.7	Evaluation.....	15

1 Safety

1.1 Safety and health

Suppliers to Komatsu Forest shall ensure that their personnel are not exposed to hazardous operations or work environments that can cause injury in the short or long term.

Suppliers shall systematically conduct work environment management, which includes regular risk analyses, measures, and follow-up, for the purpose of preventing accidents and ill health.

Suppliers shall ensure that personnel have adequate safety and work environment training for the task to be performed and are provided with the necessary safety equipment.

The supplier's safety culture will be reviewed during supplier audits and visits.

Up-to-date statistics on incidents and accidents, as well as action taken, shall be provided by the supplier upon request. It should also be possible to demonstrate how the systematic work environment management process is conducted.

1.2 Evaluation

Evaluation of the Supplier related to Safety is based on the following criteria.

ISO 45001 Certificate – 20 Points Awarded to Supplier

Uncertified Suppliers – Audit is performed, maximum points awarded is 15.

2 Law

2.1 Code of conduct for suppliers

Komatsu Forest encourages responsible business conduct in a way that promote sustainability and a positive impact on our society and world, in line with Komatsu's Worldwide Code of Business Conduct. Together with you, our suppliers, we can create value and work towards a sustainable future.

This Supplier Code of Conduct has its roots in the global Komatsu Code of Conduct and is aimed at all Komatsu Forest AB suppliers. In addition to ensuring compliance with the Code, suppliers must forward the requirements to any sub-suppliers and subcontractors.

The principles of this Code represent minimum requirements, suppliers also commit to comply with relevant laws, contracts and regulations, including international standards on business conduct and responsibility.

2.1.1 Environment

Komatsu Forest strives towards a carbon-neutral society. In addition to reducing our own emissions, we request of our suppliers to act toward reducing their own CO2 emissions.

Environmental Protection

Suppliers shall support the precautionary approach and focus on risk minimization in environmental matters. Risk assessments shall be made to prevent, limit and control environmental impact. Suppliers shall set targets to continuously reduce their impact on the environment.

Resource Management

Suppliers shall manage the use of energy, water and other resources in an efficient and responsible manner. Renewable materials and energy sources shall be prioritized. Waste shall be minimized and managed in accordance with the proper procedures.

Hazardous Substances

Suppliers shall manage chemical substances in compliance with local and EU regulations and systematically work to substitute chemicals that may pose a risk to human health and the environment.

2.1.2 Social: Human Rights and Labor

Human Rights

Suppliers shall respect and protect internationally recognized human rights, both within their own operations and in the value chain. Suppliers shall ensure that they do not, directly or indirectly, contribute to violations of human rights. Particular attention should be paid to the rights of vulnerable groups, such as indigenous peoples.

Child Labor

Suppliers shall have processes in place to verify the age of employees and shall not recruit children less than 15 years old or if it interferes with their compulsory education. Employees below the age of 18 shall not perform work that may endanger their health or safety, such as night shifts and overtime. If child labor is detected, the measures taken shall be based on the best interests of the child.

Forced and Compulsory Labor

Suppliers shall proactively work against modern slavery and human trafficking. Employees have the right to resign upon due notice and shall never be held against their will in any way. Suppliers shall provide employees with a written employment contract which allows them to understand their working conditions. Suppliers shall not demand any payment or the relinquishing of personal documents or possessions as a condition for employment.

Health and Safety

Suppliers shall work proactively to ensure a physically and psychosocially safe work environment for all employees. Suppliers shall ensure that employees are not exposed to undue physical, psychological or chemical risks. Suppliers shall also take the appropriate measures to prevent accidents and incidents, including providing employees with adequate equipment, information and training. All health and safety incidents must be recorded.

Discrimination or harassment

Suppliers shall encourage diversity and foster a work environment where everyone is treated fairly and with dignity. Discrimination based on national/ethnic/social origin, gender, sexual orientation, age, religion, disability, marital status, pregnancy or other established grounds of discrimination shall not be tolerated. Suppliers shall not allow degrading treatment, any type of harassment or the use of medical tests which could be used for discriminatory purposes.

Freedom of association

Suppliers shall respect and protect freedom of association and the right to collective bargaining. Employees shall be allowed to freely form and join trade unions or other labor organizations, and to openly communicate their opinions regarding working conditions without fear of reprisal.

Working hours and Compensation

Suppliers shall set wages in line with local laws for minimum wage, industry standard or collective agreements. Wages must also be enough to enable employees to have an adequate standard of living. Working hours shall be managed in accordance with applicable laws, industry standards or collective agreements. Overtime must be voluntary and adequately compensated. Other additional benefits shall be clearly and fairly implemented and communicated to all employees.

2.1.3 Governance

Anti-Corruption

Suppliers shall work to counteract all types of corruption and take all necessary measures against, for example, money laundering, fraud, bribery and extortion; this includes regularly training employees and carrying out risk assessments relating to corruption.

Prohibition of bribes

Suppliers shall prohibit offering/giving or requesting/receiving benefits (such as payments, gifts and services) if it could affect business operations, including facilitation payments to government officials.

Fair compensation and Impartiality

Suppliers shall be impartial towards their business partners and distance themselves from activities that prevent fair competition. Any conflicts of interest must be avoided or openly communicated.

Transparency and Data Management

Suppliers must be certified according to ISO 27001 or have put in place an Information Security Management System that meets the requirements put forth in ISO 27001. Suppliers shall manage their relationships and communication with business partners, communities and other stakeholders with honesty and transparency. Suppliers shall not hide important information or modify data. Confidential information must be protected and not used for any other purposes than agreed upon.

2.2 Compliance

2.2.1 Expectation & Supplier Evaluation

Suppliers are responsible for ensuring compliance with the requirements set out in the Supplier Code of Conduct, both within their own operations and their suppliers. To do so, suppliers are expected to spread awareness and information about this Code and access to the whistleblowing mechanism among their employees and supply chain. In case of violations of the Code, suppliers must immediately inform Komatsu Forest AB and take action to remedy the issue.

2.2.2 Controls and Follow-Up

If requested, suppliers must be able to provide evidence of compliance with this Code, and/or provide Komatsu Forest with relevant information related to the Code within a reasonable time frame.

Komatsu Forest maintains the right to send out and receive responses to self-assessment questionnaires and conduct site visits or full audits of suppliers to assess sustainability performance. If nonconformities are found, the supplier must submit a corrective action plan for approval.

Suspected non-compliance with the Supplier Code of Conduct must always be reported. We believe in an open dialogue, and it is our intention to find a cooperative resolution to potential problems. In the case of major or repeated breaches of the Code, we reserve the right to terminate our contract.

2.2.3 Whistleblowing

Komatsu Forest encourages anyone, including employees in our supply chain and others affected by our business activities, to report any activities that may indicate a violation of this Code, applicable laws or ethical business practices. Reports can be made anonymously through the links below. Internal and external whistleblowers have the right to remain anonymous and protected from retaliation.

- (Whistleblower web) - <https://report.whistleb.com/en/komatsuforest>
- (Compliance hotline web) - www.komatsu.com/compliancehotline
- (Compliance hotline email) - comp_hot@global.komatsu
- (Phone) *Global* +81-3-5561-1837; *KFAB* +46 90 70 93 77

2.3 Restrictions of use of chemicals in products

Suppliers to Komatsu Forest shall fulfil requirements stated in FKES 00-000-156 "Restrictions of use of chemicals in products". To comply with the regulation, companies must identify and manage risks linked to the substances they manufacture and market.

2.4 Evaluation

Evaluation of the Supplier related to Environmental topics is based on the following criteria:

ISO 14001 Certification – Supplier is Awarded 10 Points.

Supplier without ISO 14001 – Audit is performed, maximum points awarded is 7.

The Supplier is expected to comply with all requests related to documentation/evidence for regulations and will be evaluated based on compliance with the requests according to the following criteria:

Compliance 100% on-time – Supplier is awarded 10 points.

Non-Compliance – All points are deducted.

3 Quality

3.1 Certification requirements

Suppliers to Komatsu Forest are required to be certified in ISO 9001 and 14001. Suppliers of parts covered by drawing requirements in accordance with ISO 3834 shall also hold this certification. Valid certificates shall be provided upon request.

3.2 Change request

If a supplier wishes to make a change to a Komatsu Forest specification or drawing of a production part, the process for change request is to be followed. Instructions for change requests are found in FKES 00-000-141.

3.3 Daily management

Suppliers to Komatsu Forest are assumed to use daily management to maintain good operational control. The aim is to identify risks or deviations quickly so that actions can be taken promptly.

Daily management agenda should, as a minimum, include full control over following areas:

- *SAFETY (accidents – incidents – observations)*
- *QUALITY (internal and external quality)*
- *DELIVERY (deliveries on time)*

3.4 Design review

During design and introduction of A-parts*, a design review is required to be held.

The purpose of the design review is for Komatsu Forest and supplier, to agree on part specification and requirements.

Komatsu Forest is responsible for initiating the design review for A-parts.

If the supplier wants to conduct a design review of B-parts*, the supplier is responsible for initiating an invitation for design review. In such case, supplier is to contact the responsible purchaser at Komatsu Forest.

It is important that the supplier has thoroughly reviewed the part specification to enable future change requests, during ongoing serial production, to be kept to a minimum. Changes at an early stage are always preferable.

* For a detailed definition of A, B and C-parts, see FKES 04-100-134, section 5.

3.5 Deviating material

If a supplier is aware of parts/products which are deviating from standards or specifications, the supplier is strictly required to submit a deviation approval request.

Parts shall not be sent before the deviation has been approved by Komatsu Forest.

Instructions for deviation approval requests are found in FKES 00-000-139.

Note that deviation approval request shall only be used in exceptional cases. Parts shall be according to specification and requirements.

3.6 FKES

Suppliers to Komatsu Forest shall comply with all FKES standards that the supplier is affected by with their products. In addition to FKES standard, drawings may state additional requirements.

It is the responsibility of the supplier to ensure that relevant persons within its organization have access to the FKES web portal.

For access to FKES go to www.komatsuforest.com and “supplier login”, there you will find instruction how to request for FKES access.

3.7 Measuring devices

The supplier is required to possess personnel and measuring devices capable to perform a complete verification of every requirement and specification on parts supplied to Komatsu Forest.

3.8 Nonconformity and Field warranty claim

The Nonconformity reports and field warranty claims shall always be answered in our web-portal. The answers shall include a detailed report with root cause analysis and short- and long-term actions. The analysis and actions shall also be written in the correct fields in the claim.

In case of approved warranty claim, a credit note shall always be sent to invoice@komatsuforest.com within 10 days. All invoices shall be marked with the warranty claim number. We reserve the right to offset the refund against invoices if the warranty claims have not been settled in time.

3.8.1 Nonconformity

In case that a defective part is detected in Komatsu Forest production, a nonconformity report (NCR) will be sent to the supplier. Such reports are named as DRXXXXX. In those cases, the supplier is expected to follow the steps below:

Within 24h

1. Read and understand the NCR.
2. Keep dialog with Komatsu Forest about need for replacement parts.
3. Start activities to identify all defect parts:
 - a. Parts on its way to Komatsu Forest
 - b. Parts in suppliers' stock
 - c. Parts or raw material in suppliers' production
 - d. Part at or shipped from sub-suppliers

Within 48h

4. Have full control over defect parts (1-3)
5. Have an agreed plan with Komatsu Forest about replacement parts.

Within 2 weeks or agreed time

6. Root cause analysis found and described in the NCR. It's the supplier's responsibility to find the real root cause of the problem and not only symptoms of the root cause.
7. Long Term actions introduced. It's the supplier's responsibility to introduce correct actions so the problem does not occur again. Also important to consider if occurred problem can happen on similar products.
8. Supplier settlement for costs done according to the NCR.

3.8.2 Field warranty claim

Claims occurring within the first 100 machine hours (C1a, 100h complaints) are considered particularly serious. These issues directly affect the customer's first impression of Komatsu Forest products and may harm both our brand and the supplier's reputation.

Therefore it is expected that the supplier immediately prioritizes investigating the root cause and implement corrective actions.

All field warranty claims must be answered and closed within 30 days from the date you receive the claim.

In case of rejected warranty claim we require you to store the material for at least 30 days before it can be scrapped. If the material is possible to repair a quotation shall be sent to Komatsu Forest through our web-portal and purchase order issued prior to any repair

When returning material to Komatsu Forest, it must be clearly marked with the warranty claim number, visibly displayed on the outside of the package.

If there is a need of communication via email, it shall be sent to the following address:

claims.se@komatsuforest.com

Any organizational changes affecting contacts for field warranty claims shall always be reported to

claims.se@komatsuforest.com

3.9 Part introduction

3.9.1 Initial sampling

Initial sampling is to be conducted in accordance with FKES 04-100-134.

When initial sampling is approved, or interim approved, the supplier can start shipping serial production parts to Komatsu Forest.

For interim approved parts, remaining actions for full approval shall be remedied as soon as agreed.

3.10 Personnel competence

It is the supplier's responsibility to ensure that personnel have sufficient competence and experience for all operations involving parts that are supplied to Komatsu Forest.

The supplier shall, upon request, provide a competency matrix for critical skills that the supplier has identified.

The supplier shall also, upon request, have a documented quality safe process for introduction of new employee for Komatsu Forest parts including responsible mentor.

3.11 Quality requirements

Suppliers to Komatsu Forest are expected to deliver a high and consistent level of quality. The delivered product should be fully conforming at time of delivery. However, there is an awareness that a small percentage of deviations may occur. In such cases the expectation is that the supplier provides warranty coverage.

Table 1 contains expected supplier requirements.

NOTE: Requirements are an average of latest six-month performance.

Should quality performance deviate from the requirements in Table 1, the supplier is expected to have activities to quickly reach requirements again. Those activities shall, upon request be presented to Komatsu Forest.

Table 1

Rolling 6-month average	A-part supplier	B-part supplier	C-part supplier	Explanation
	Requirement			
Reject Rate	0,5%	0,25%	0,1%	$\left(\frac{No\ of\ defect\ parts\ latest\ 6\ months}{Delivered\ parts\ latest\ 6\ months}\right) \times 100$
No of NCR	0,9	0,7	0,6	$\frac{No\ of\ sent\ NCR\ latest\ 6\ months}{6}$

Definition of A, B and C class can simplified be described like:

Fourth Edition	KOMATSU	Revised: 2025-06-25
----------------	----------------	---------------------

Note! Refer to protection notice ISO 16016. Working copy. Valid 5 days after print-out date: 2025-06-25

Table 2

Classification	Criteria
A-part	Komatsu Forest design and classed as a manufacturing or safety critical part
B-part	Komatsu Forest design and not classed as a manufacturing or safety critical part
C-part	At least one of criteria below is fulfilled: <ul style="list-style-type: none"> • Not a Komatsu Forest design (is a standard part) • Hydraulic part • Electronic part

For a detailed definition of A, B and C-parts, see FKES 04-100-134, section 5.2

3.12 Service – Maintenance - Contingency plan

3.12.1 Service & Maintenance

The supplier is expected regarding key equipment used for manufacturing of Komatsu Forest products:

- *Keep records of performed services.*
- *Have an updated Maintenance plan.*

Performed service and maintenance plan shall be provided by the supplier upon request from Komatsu Forest.

3.12.2 Contingency plan

Suppliers to Komatsu Forest is expected to have a Contingency plan in case of incidents like fire, key equipment breakdowns, labor shortages or incidents at sub-supplier site.

Incidents that affect delivery or quality in case of incidents shall be considered though a risk analysis performed by a multidisciplinary team within the supplier's organization.

Performed contingency plan shall be provided by the supplier upon request from Komatsu Forest.

3.13 Subcontractors

Suppliers to Komatsu Forest are responsible for quality assurance of their own subcontractors for Komatsu Forest products, unless otherwise agreed.

The supplier shall carry out assessments and audits of the subcontractor where required, and this must be done before Komatsu Forest parts are introduced. Upon request, the supplier shall provide documentation confirming that a subcontractor has been approved.

Komatsu Forest expect the supplier to introduce receiving inspection for new sub suppliers for, as a minimum, three batches without defects.

3.14 Supplier audit

If deemed necessary by Komatsu Forest, a supplier audit is planned and conducted at supplier site. Triggers for a supplier audit can be:

- *New supplier to be introduced*
- *Introduction of new critical part*
- *Low quality or delivery supplier performance*
- *Process changes*

For all audits the supplier will be contacted in time for agreement about date for audit.

Fourth Edition	KOMATSU	Revised: 2025-06-25
----------------	----------------	---------------------

Note! Refer to protection notice ISO 16016. Working copy. Valid 5 days after print-out date: 2025-06-25

3.15 Supplier changes

Organizational changes that in some way affect Komatsu Forest shall be informed in good time before implementation. As your first-hand contact use your purchasing contact.

Process changes that may affect Komatsu Forest products shall be informed to Komatsu Forest. As your first-hand contact use your SQA contact.

Depending on the type of process change the supplier is expected to prevent any type of problems due to the process change with additional activities as extra inspections etc.

For major process changes like new productions facilities the supplier shall upon request show project plan, activities and FMEA in good time before implementation.

Initial samples can be requested by Komatsu Forest depending on process change.

3.16 Evaluation

The supplier is continuously evaluated in several areas.

- *Quality requirements compliance*
- *Deviation approval requests count*
- *Initial sampling results*
- *JUHIN*
- *Claims*

The metrics in these areas are added together and resulting in the supplier's total score, which is presented on the supplier's scorecard. In the area of quality maximum score for a Supplier is 20 Points.

3.17 Target / KPI / Monitoring

Suppliers to Komatsu Forest shall monitor and follow suitable KPI:s regularly, to secure that its own processes work according to set quality targets.

The supplier's quality targets for Komatsu Forest shall be in line with Komatsu Forest requirements. See chapter 11.

4 Delivery

4.1 Information transfer

Information transfer between Komatsu Forest and supplier must be done using EDI or Web platform SIM (Supply Integration Manager) to increase automation and improve communication within Komatsu Forest supply chain. These efficiencies are realized by both parties and as a supplier to Komatsu Forest you are expected to comply with this initiative. It is mandatory to provide shipment notifications through either EDI or the dispatch function in SIM.

4.2 Electronic data interchange

Komatsu Forest prefers an Electronic Data Interchange (EDI) connection as information transfer. EDI connection is initiated by Komatsu Forest Purchasing Department in consultation with material planner and IT function at Komatsu Forest. Working with dispatch in EDI is mandatory to send information to Komatsu Forest that a shipment is made but also for an accurate calculation of delivery accuracy.

If Komatsu Forest and the supplier is unable to establish an EDI connection, the supplier shall use the web portal Supply Integration Manager, SIM. If the EDI connection is unable to be initiated immediately, the supplier shall use Web platform SIM during the transition period to EDI.

4.3 Supply integration manager

When EDI is not possible to set-up between Komatsu Forest and the supplier, Supply Integration Manager (SIM) shall be used. SIM is a web portal used by Komatsu Forest to increase automation and ease the handling of:

- Delivery schedules
- Purchase orders
- Dispatch advice
- Goods labels

To enter SIM, please visit the following webpage: <https://wsm.komatsuforest.com/SIM/Account/login> and enter username and password received from responsible material planner at Komatsu Forest. Working with dispatch in SIM is mandatory to send information to Komatsu Forest that a shipment is made but also for an accurate calculation of delivery accuracy. If the supplier fails with this crucial step it can result in incorrect forecasts and demand in the delivery schedule. Further instructions on how this system works are available in the menu on the left-hand side in SIM, both in Swedish and in English.

4.4 Delivery schedule definition

The delivery schedule is a documented agreement between Komatsu Forest and the supplier. It is an obligation from the supplier to deliver on time. The delivery schedule provides both firm orders as well as the financial commitment from Komatsu Forest and forecasts.

The definition and usage of statuses at Komatsu Forest:

- Status 1 – Fixed period
- Status 3 – Order coverage section (Purchase of raw material)
- Status 4 – Forecast (planned)

4.4.1 Status 1 – Fixed period

The fixed period is the agreed lead time for the supplier's final production operations and shipment to Komatsu Forest. Deviations in respect of quantity and/or delivery date within the fixed period are only allowed if commonly agreed.

The fixed period is to be kept as short as possible. Komatsu Forest's general requirement is 2 – 15 working days depending on which product type that is subject for delivery.

4.4.2 Status 3 – Order coverage section (Purchase of raw material)

The order coverage period shall reflect the suppliers lead time for raw material supply and semi-production of parts.

The accumulated quantity within the order coverage period is Komatsu's current delivery requirement of subject part.

The order coverage period is to be as short as possible in order to minimize the economic risk in case of cancellation. Komatsu's requested quantity and/or delivery date may change without prior notice within the order coverage period.

Komatsu Forest will, in case of cancellation, take the economic responsibility for raw material, blanks and/or semi-finished parts to the extent that the supplier cannot cancel their sub-supplier orders or use the products for other purposes (customers and/or products). The supplier commits to minimizing the economic risks by performing good production planning and resource allocation.

In case of request for economic compensation it is the supplier's responsibility to verify that the costs have incurred and is relating to the order coverage period of the delivery schedule in effect at the time of Komatsu's cancellation.

4.4.3 Status 4 – Forecast period (planned)

The forecast period is to be used by the supplier for long-term production planning and resource allocation. However, Komatsu Forest does not take any economic responsibility for the part requirements referring to the forecast period.

4.5 Delivery accuracy

Komatsu Forest evaluates the supplier's performance regarding delivery accuracy. This is visualized in a send out to the supplier by Komatsu Forest.

The supplier's delivery accuracy is measured according to the following method:

The actual date of dispatch on the firm purchase order is compared to the requested date of shipment. If the date of dispatch is within 10 days prior up to 2 days past requested date, it is considered to be on time. However, the supplier should always notify the responsible material planner at Komatsu Forest if there are any deviances from the requested date.

4.5.1 Demanded level of delivery accuracy

The supplier shall reach 100% delivery accuracy to Komatsu Forest. If the supplier is unable to deliver according to stated demands the supplier will receive a request of analysis due to late deliveries containing the following:

1. Identified main problems and analysis of them
2. Corrective actions (short term)
3. Corrective actions (long term)
4. Request of support from Komatsu Forest
5. Date for when solutions will be implemented and shipment to Komatsu Forest will be according to schedule

4.6 Packaging

The supplier is responsible for the packaging of goods to assure their proper condition and quality upon delivery to Komatsu Forest. FKES 00-300-079 contains general information regarding Komatsu's minimum packaging requirements concerning quality, environmental effects, safety and handling.

The supplier is responsible to ensure that all goods are packaged in such a way that handling-safety is maintained throughout the whole supply chain. For deliveries containing electronic items, the supplier shall at

least meet the requirements stated in the standard FKES 00-100-035. The type of packaging the supplier shall use, shall be established and agreed upon between the supplier and Komatsu Forest before first delivery.

The supplier shall take environmental concerns into account when planning packaging e.g. excessive packaging material which serves no actual purpose is considered waste.

4.6.1 Documents

Goods arriving at Komatsu Forest shall always have consignment and delivery notes enclosed. Shipments including pallets and/or special packaging must also include a delivery note for packaging. Template for delivery note can be found in standard FKES 00-300-079.

4.6.2 Approved packaging

Komatsu Forest approves goods when delivered as:

- Parcel
- Euro-pallet
- Special packaged goods

EUR pallets shall always have collar(s) and lid. Maximum number of collars, maximum weight approved as standard packaging for EUR-pallets and parcel can be found in FKES 00-300-079. Half sized pallets (800x600 mm) are not allowed by Komatsu Forest.

Special packaged goods are defined as following:

- Goods with dimensions exceeding the dimensions of a EUR pallet
- EUR-pallet with more than 4 collars
- EUR-pallet without collar(s) and lid
- Goods that are not packed on a EUR pallet and therefore require special packaging

Shipping of special packaged goods is not allowed without a separate agreement with Komatsu Forest. More detailed information about special packaging is stated in standard FKES 00-300-125.

4.6.3 Approved pallets

The type of pallet approved by Komatsu Forest is EUR pallet class A or B. The dimension of a EUR pallet is 1200x800x144 mm (length, width, height). Detailed information about classification is stated in standard FKES 00-300-079. In previously mentioned FKES there are also details regarding collars, lids, inner deck board and a pricelist for the packaging.

Komatsu Forest does not accept pallets failing to fulfil the standard of a EUR pallet class A or B. The pallet shall fulfil the specifications set by the European Pallet Association (EPAL) regarding dimensions, markings, type of materials etc.

The supplier is responsible that the pallet(s) used, comply with the latest revision of ISPM15 concerning international import and export directives. ISPM15 includes for example heat treatment and fumigation of wooden pallets to prevent the spread of plant diseases and pests.

4.7 Labelling instructions

All goods delivered to Komatsu Forest shall be labelled with a goods label in accordance with the ODETTE transport label (Organization for Data Exchange by Tele Transmission in Europe). The practice of The Odette Transport Label is intended to be used on all transport packages containing goods to Komatsu Forest. The main purpose of using a goods label is to ensure an even flow of material tied to the production throughout the entire supply chain, as well as the identification and traceability of transport units. Goods shall never arrive at Komatsu Forest unlabeled.

More information regarding format, examples of correct labelling and other practical details are found in FKES 00-300-080.

Fourth Edition	KOMATSU	Revised: 2025-06-25
----------------	----------------	---------------------

4.8 Transport instruction

Agreed trade terms shall be interpreted in accordance with INCOTERMS 2020. If no trade terms are specifically agreed, the delivery term shall be FCA supplier's factory.

The following instructions are always to be followed in order to maintain low transport costs:

- Goods packed on pallets must be stackable and booked for transport accordingly
- Bulk goods must be booked as load meters
- Strictly one booking to be sent to the forwarder per day
- Transport is to be booked the day before pick-up according to agreement with Komatsu Forest (see Standard FKES 00-300-081 for domestic suppliers. Standard FKES 00-300-082 for foreign suppliers)

Throughout transport instruction section, please see Standard FKES 00-300-081 for domestic suppliers and Standard FKES 00-300-082 for foreign suppliers.

Responsible material planner at Komatsu Forest AB will provide supplier with information regarding use of carrier etc.

4.8.1 Way-bill/shipments form

Details stated in Standard FKES 00-300-081/082.

4.8.2 Booking of transport to Umea and Rosersberg

All bookings for foreign suppliers for both the factory in Umea and the central warehouse in Rosersberg shall be made in accordance with Standard FKES 00-300-81/082. Information about booking of first delivery can be found in stated FKES.

4.8.3 Freight forwarder

All deliveries shall be booked with the freight forwarder appointed by Komatsu Forest. As soon as the "first delivery" information has been provided to Komatsu Forest, the material planner will contact the freight forwarder who will send the supplier a "Routing order" with the contact information needed for transport booking.

4.8.4 Express transport due to late delivery

In the event of a late delivery this is to be communicated without delay to the material planner at Komatsu Forest. If the delay can be expected to cause interruption or line stops in the production at Komatsu Forest, the delivery of the specific product must be organized and paid for by the supplier. The supplier and the material planner at Komatsu Forest must make the assessment and meet an agreement regarding which part number(s), quantity, way of transport and time of arrival. Details are stated in Standard FKES 00-300-081/082.

4.9 Invoicing

Suppliers using EDI shall send the invoices via EDI. Suppliers using SIM shall send their Invoices to invoice@komatsuforest.com in PDF format. The following information is mandatory to be stated on the invoice:

- Komatsu Forest purchase order number
- Item number
- Quantity
- Delivery note number

4.10 Evaluation

The Supplier is evaluated according to delivery accuracy, measured R6M:

Accuracy	≥99%	≥98%	≥97%	≥95%	≥93%	≥91%	≥89%	≥87%	≥85%	≥80%
Points	20	19	18	17	16	15	14	13	12	11

Accuracy	≥78%	≥76%	≥74%	≥72%	≥69%	≥66%	≥64%	≥57%	≥53%	≥49%
Points	10	9	8	7	6	5	4	3	2	1

5 Cost

This chapter describes the Komatsu Forest sourcing process, all suppliers are asked to actively participate in this process, to verify that Komatsu Forest requirements are met.

5.1 Komatsu Forest Purchasing General Conditions

Our Purchasing General Conditions states the commercial conditions that a supplier to Komatsu Forest is required to fulfil. These conditions apply for all products and services and are applicable to individual orders as well as ongoing serial delivery. Formal Supply Agreements between Komatsu Forest AB and suppliers has priority over the Purchasing General Conditions.

5.2 Confidentiality agreement

All business transactions and information shared between Supplier and Komatsu Forest are considered confidential. To protect both parties, a Komatsu Forest standard non-disclosure agreement must be signed before information is shared between parties. Upon a signed agreement, the supplier is approved to take part in the Komatsu Forest sourcing process and may be provided with a Request for Quotation or Request for Information.

5.3 Requests

The Sourcing process starts with either a Request for Quotation (RFQ) or Request for Information (RFI). The responsible purchaser sends out a request to the supplier together with demands, drawings and technical specifications. The request specifies what information is requested, for example prices and lead-times on prototypes, initial samples and serial production orders.

5.4 Quotation

The quotation shall include information on country of origin, tariff code, price, lead time and information on special tooling or fixtures (if applicable). The supplier may be requested to present detailed information on the quotation including manufacturing process for the purpose of quotation evaluation.

5.5 Cost Breakdown

Komatsu Forest analyses cost through a detailed Cost Breakdown. For this purpose, the supplier may be asked to supply information regarding costs related to the supplied part or service.

The Supplier is expected to present and specify margin, overhead costs, raw material costs, purchased parts and manufacturing operations (machine costs, labor rates) on which the quotation is based.

5.6 Supplier selection & introduction

When a supplier has been chosen and a supply agreement is in place, a detailed introduction plan is produced. This includes product review, toolings and fixtures (if applicable), prototype, initial samples and records, first delivery of serial production etc.

The responsible purchaser will plan a start-up meeting together with the quality and logistics department to introduce the supplier to our organizational setup.

5.7 Evaluation

The supplier is evaluated and scored according to the following criteria:

Signed Contract – 5 Points.

Cost Breakdown or tracker regulating cost – 5 Points.

Cost Saving Projects – Maximum 10 Points, awarded according to below:

Cost Saving Project Initiated by KFAB – 1 Point once started, 3 Points upon completion.

Cost Saving Project Initiated by Supplier – 3 Points once started, 10 Points upon completion.

Change Notes

Version	Date of issue	Issued by	Description
1.0	2019-11-26	AnLi	Established.
2.0	2021-06-01	KrJo	New front page, updated quality requirements
3.0	2025-01-08	DaSj	Change of document owner and reviewer (metadata). No change to content.
4.0	2025-06-03	ChEk	Complete overview, change of document owner, front page, addition of Rating System and overview of each individual chapter.
5.0	2025-06-25	DaSj	Minor change. Formula moved in table 1. Formatting updated. No change to content otherwise.