

# NOTICE TO SUPPLIERS

Subject: New Raw Material Database

Originator: Jay Jacobs  
Job Title: Senior Manager, Supply Chain Operations  
Product Line: Aero Derivative Gas Turbine (AGT)  
Siemens Business Unit: Siemens Energy Canada Limited

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Dear Supply Chain Partners

I hope this communication finds you well.

These days controlling the rising cost of manufacturing and being able to do more with less is an everyday struggle for all of us. It is with this focus in mind that Siemens supply chain management team is launching an initiative to address one of our biggest contributors to these everyday risks, the rising cost of raw material, specifically castings and forgings.

Many of these costs were controlled by previous Rolls Royce direct buy material agreements. These agreements have since expired, and in many cases, have not been replaced with Siemens agreements. In addition, the materials that your company buys, on our behalf for your finished goods sold to Siemens, also represent an opportunity for consolidation, price protection and potential cost reduction.

As such, we are reaching out to you to gather some information in preparation for discussions with the suppliers of these castings and forgings. The key information we are looking for is related to the current source, configuration, and cost of these materials.

In addition to cost control, there is added benefit in understanding the qualification (FAIR) status of these materials. By raising awareness of the qualification renewal timing, we can both proactively prepare ourselves and avoid unnecessary delays.

The specific information requested is as follows. We kindly ask that it is sent back to Siemens Energy Canada in the attached spreadsheet by the 31st of May 2021.

- |   |   |
|---|---|
| 1. Finished Part Number                               | 6. Raw Material Part Number             |
| 2. Finished Part Supplier                             | 7. Raw Material Supplier                |
| 3. Current Finished Part Price                        | 8. Raw Material Unit Price              |
| 4. Current Finished Part Price Period Validity Period | 9. Raw Material Pricing Validity Period |
| 5. Raw Material Category – Casting / Forging          | 10. Raw Material Ratio                  |
|   | 11. FAIR Status – Valid / Invalid       |
|   | 12. Raw Material Specification          |

Sihab Uddin, our Siemens Energy Canada coordinator, will be following up with you to collect this important information. If for some reason you do not believe that you can support this important initiative, please call me personally to discuss, as this is key to our survival in the market. We hope that you agree that we must work together to minimize or eliminate these risks to our collective businesses. We appreciate your time and effort in helping us address this concern.

Best Regards,

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