



MHI Vestas Offshore Wind supplier requirements and approval process.



## Who we are

- A joint venture between two industry leaders:  
Vestas Wind Systems A/S (50%) and  
Mitsubishi Heavy Industries Ltd (50%)
- Founded April 1<sup>st</sup>, 2014  
(c700 employees, c350 in the UK)
- Sole focus on offshore wind, >1.6GW  
commissioned and in service. Recent project  
Humber Gateway & Luchteduinen, In  
construction KFE & Rampion, In  
manufacturing BBE 2016 & WWE 2017
- Our business is to design, manufacture,  
install and service offshore wind turbines
- Our approach is truly collaborative – we aim  
to create strong partnerships with customers,  
and suppliers in the industry

# MHI Vestas Offshore Wind

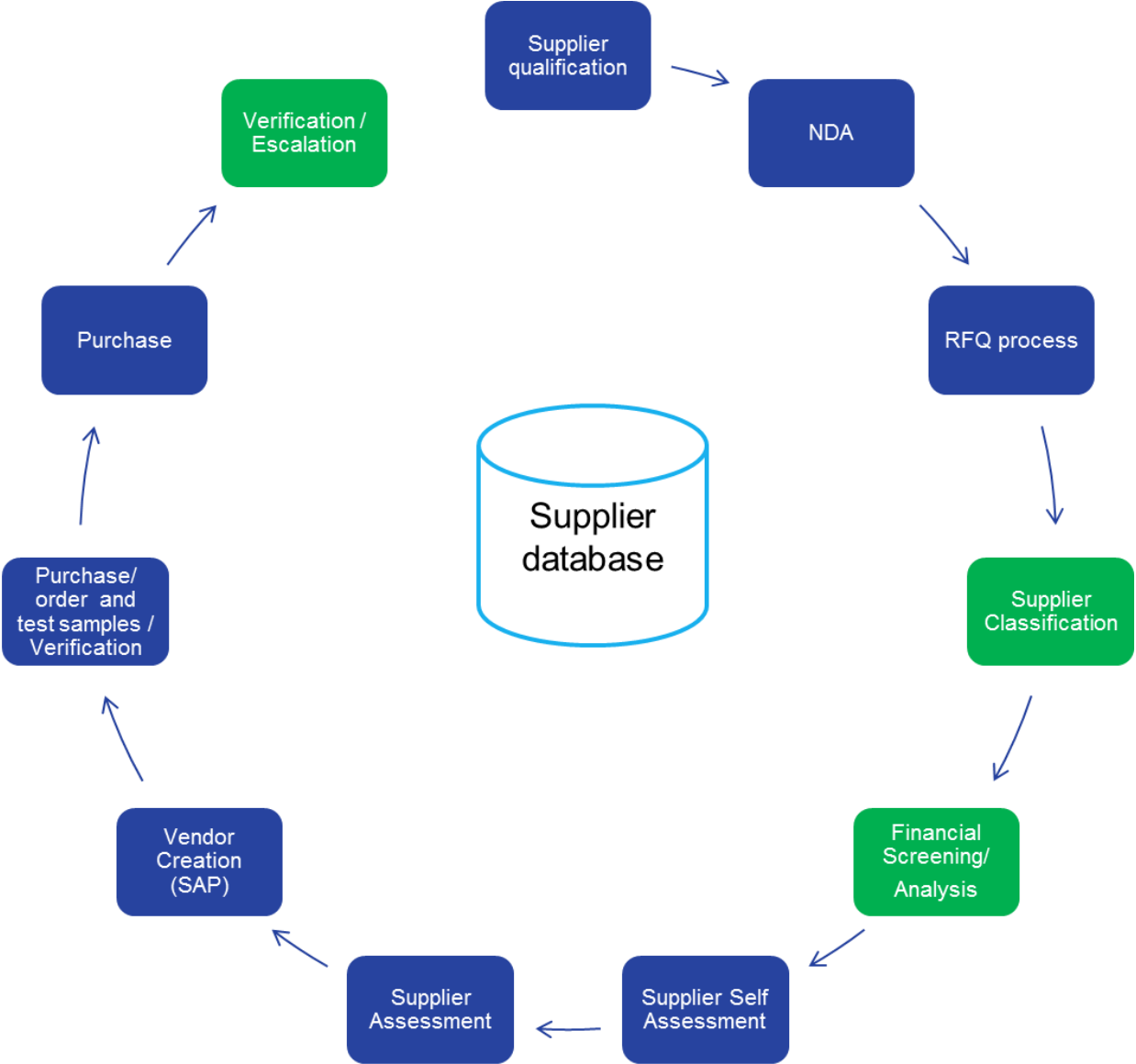


- Active in offshore wind energy since 1990
- Working solely in offshore markets:
- **Strong market focus and presence in the UK**
- **Product offering**
  - V164-8.0 MW
  - V112-3.0 MW
  - Operations and maintenance

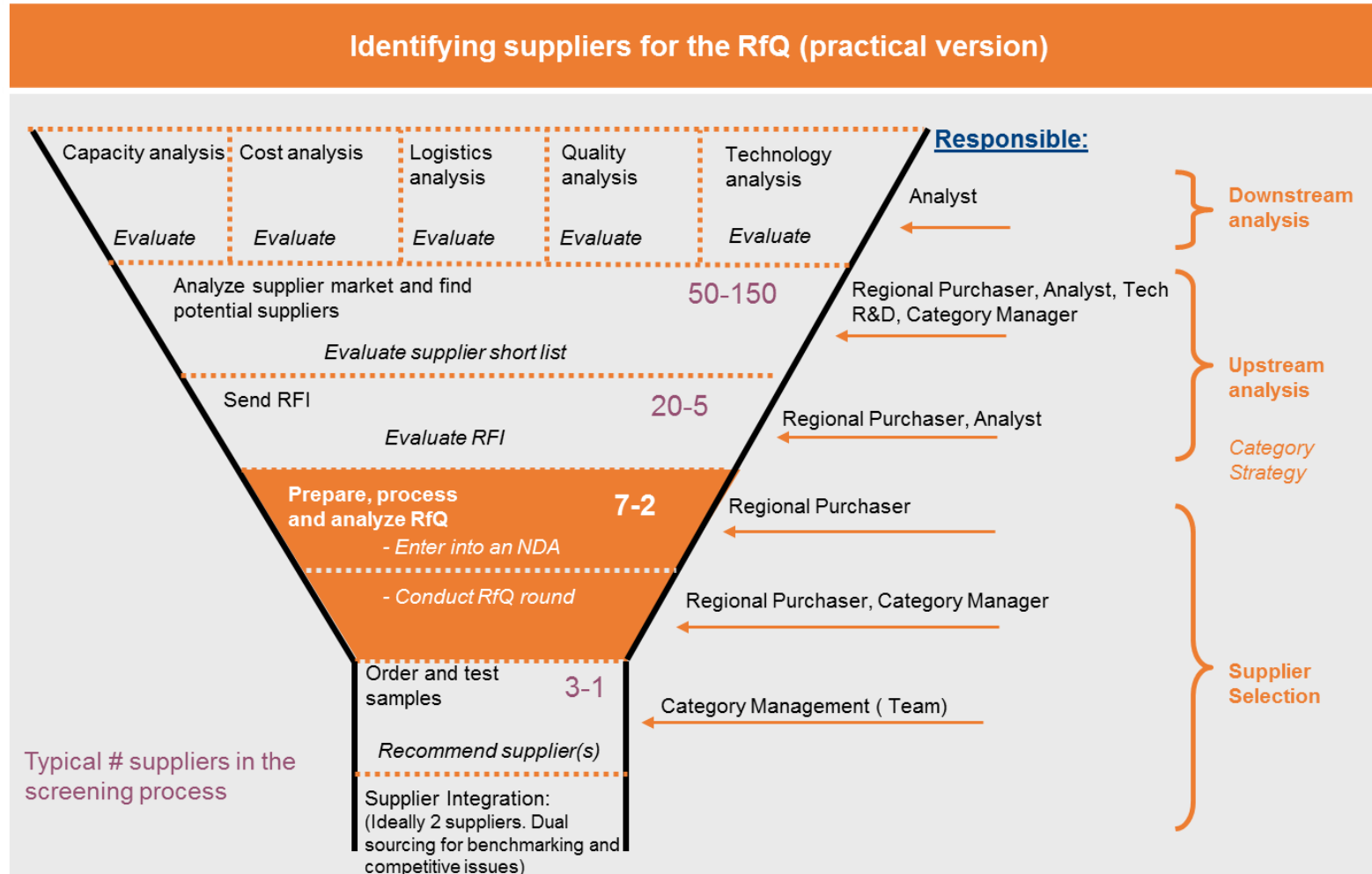
MVOW Scope

	8.0 MW	3.X MW
Development/R&D	✓	—
Sales	✓	✓
Manufacturing	✓	—
Installation	✓	✓
O&M	✓	✓

# Supplier approval process



# Supplier approval process



# Supplier approval process

Classification of items and services (A, B, U).



## Definition:

A Items / Services.

- Items / services where quality could have an affect on the installed WTG.
- Items / Services where legislations requirements in connection with documentation.
- Items / Services that represents a HSE risk.
- (Duration for approval process approx. 1 - 2 Months)

## Examples of A items / Services:

- Main components for WTG / Towers / Blades
- Steel fabricator for foundations + secondary steel
- Cable manufacture, termination
- Manpower
- Transport
- Vessel Contractor
- Crew boats
- Cranes and other lifting equipment
- Calibrated tools
- PPE
- Consultancy



# Supplier approval process



Classification of items and services (A, B, U).

## Definition:

B Items / Services.

- Items / services where quality could have marginally affect on the installed WTG.
- Items / Services where no legislations requirements in connection with documentation.
- Items / Services that represents minor or no HSE risk.
- (Duration for approval process approx. 1 - 2 Months)

Examples of B Items / Services:

- Supplier designed items with minor impact on quality
- Spares with a quality / construction requirement
- Chemicals (New chemicals must be evaluated by Technology R&D acc. to the “Chemicals Management” found in the VPP before being purchased)

# Supplier approval process



Classification of items and services (A, B, U).

## Definition:

U Items / Services.

- Items / services where quality will have no affect on the installed WTG.
- Items / Services where no legislations requirements in connection with documentation.
- Items / Services that represents no HSE risk.
- (Duration for approval process approx. 1 – 2 weeks)

Examples of U Items / Services:

- Office equipment
- Tools with no demands for certificates like hammers, screwdrivers etc.
- Spares which are serial produced with no specific requirements for construction or quality
- Hotels, taxi

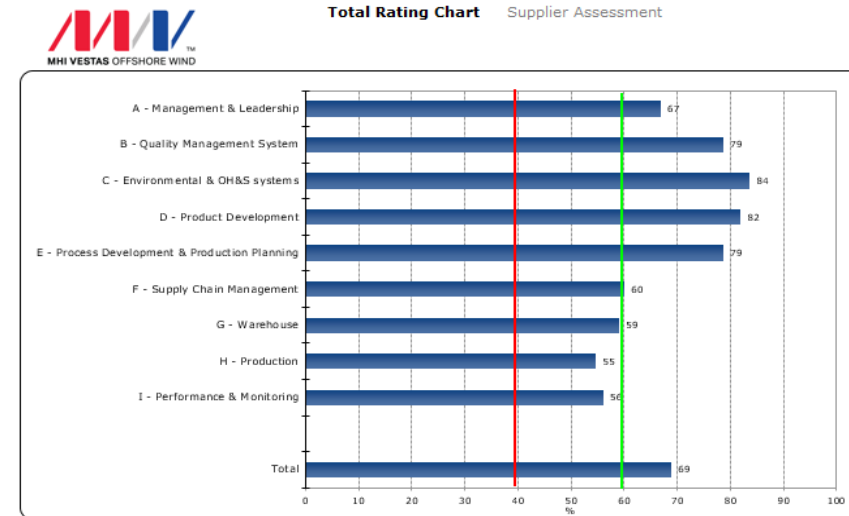
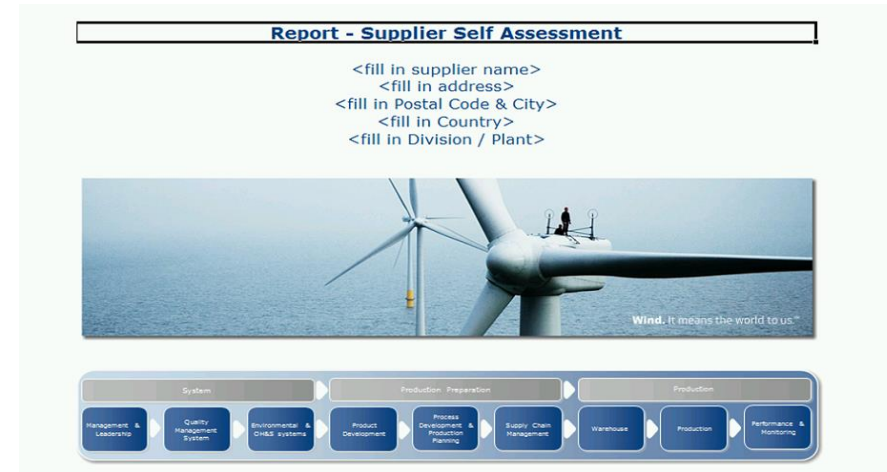
MVOW's empowerment initiative has created a list of >300 consumable service products that UK site managers can purchase locally without POs.



# Supplier approval process

## Approval Process focuses on:

- Management & Leadership
- Quality Management System
- Environmental & OH&S systems
- Product Development
- Process Development & Production Planning
- Supply Chain Management
- Warehouse
- Production
- Performance & Monitoring



# Supplier approval process



## Minimum requirements:

- ISO 9001 or equal system for Quality Management Systems
- ISO 14001 or equal system for Environmental Management
- ISO 18001 or equal system for occupational Health and Safety Management Systems
- Above Quality, HSE & Environmental standards will give Vendors a 40% scoring
- Showing evidence that the systems are followed and improved will give Vendors up to 60% scoring
- Acheiving for World Class Performance having a plan on how to get there will raise the score above 60%

Rating	Actions
N/A	Supplier not recommended
<40%	Supplier not recommended
>40% and <60%	Low rated subcontractor, recommendations for contractual and operational mitigations to be given by Auditor
>60%	Recommended for engagement

# Supplier approval process



## Training requirements working offshore:

- Offshore Seafarer Medical; ENG 1 or equivalent (blue book in Denmark) or Oil & Gas UK Offshore and Working at Heights Medical or equivalent according to local or customer requirements.
- GWO safety courses – first aid, working at heights, sea survival, manual handling and fire awareness
- Safety Induction for Technicians from Vestas Wind Systems (previously called M1200 Basic Safety Training). Can be facilitated via MHI Vestas Offshore Wind.
- Project specific HSE training and site inductions, if required it will be introduced by MHI Vestas Offshore
- Mandatory or otherwise, qualification and training applicable to the country where the site is designated. Safety and technical training designated by legislation in the country where the work area is located
- Slinger-Banksman – at least 1 day basic course, but preferably 3 day OPITO course.

Supplier Evaluation Sheet									
Comments	Evaluation criteria	Weight	Supplier A		Supplier B		Supplier C		
			Score	% rating	Score	% rating	Score	% rating	
<b>Overall price</b>			105.000		90.000		115.000		
Quality level 1low, 3 medium, 5 high)	Q H S E	<b>Quality</b>	15	1	-0,5%	3	0,0%	5	0,5%
HSE program VS HSE requirements from Vestas		<b>Health, Safety &amp; Environment</b>	10	1	-0,3%	3	0,0%	5	0,3%
Capacity flexibility and availability	g i s t i c s	<b>Capacity</b>	5	1	-0,2%	3	0,0%	5	0,2%
On time deliveries (historical)		<b>Delivery performance</b>	10	1	-0,3%	3	0,0%	5	0,3%
How detailed is the price breakdown		<b>Cost openness</b>	5	1	-0,2%	3	0,0%	5	0,2%
Does the supplier match insurance and liability in the contract?	F i n a n c i a l	<b>Insurance/Liability</b>	10	1	-0,3%	3	0,0%	5	0,3%
Any suggestions on reducing price, Contractual commitment to reduce cost. yearly reduction etc.		<b>Cost reduction program</b>	10	1	-0,3%	3	0,0%	5	0,3%
Fulfillment of payment terms 60days eom		<b>Payment Terms</b>	15	1	-0,5%	3	0,0%	5	0,5%
Financial rating of the company use of D&B and yearly reports	O t h e r s	<b>Financial rating</b>	7	1	-0,2%	3	0,0%	5	0,2%
Technological capabilities		<b>Technology</b>	5	1	-0,2%	3	0,0%	5	0,2%
		<b>General</b>	3	1	-0,1%	3	0,0%	5	0,1%
Do the supplier match VESTAS organization Global footprint Global supply scope		<b>Organizational fit with Vestas</b>	5	1	-0,2%	3	0,0%	5	0,2%
<b>Evaluation score</b>		<b>Total evaluated rating</b>	100	1,00	-3,0%	3,00	0%	5,00	+3,0%
		<b>Price attractiveness</b>	57	0,47	-1,4%	1,41	0%	2,35	+1,4%
		<b>Non-price attractiveness</b>	43	0,53	-1,6%	1,59	0%	2,65	+1,6%
Supplier Cost Factor									
Comments	Evaluation criteria		Supplier A		Supplier B		Supplier C		
			Value	%	Value	%	Value	%	
Cost of creating new supplier in SAP system	<b>Supplier creation</b>								
Cost of audit at supplier or re audit	<b>Supplier Audit</b>								
Import duties (incl. - infront of %)	<b>Duties</b>			-7,0%					
Cost for training	<b>Training</b>								
Other cost.	<b>One time cost</b>								
<b>Cost Factor</b>		<b>Total cost factor</b>	-	-7,0%	-	0%	-	0%	
				-10%		0%		+3,0%	
		<b>Total cost price</b>		115.500		90.000		111.550	

## Opportunities for local suppliers – Work Packages (Construction)



On the KFE Project MHI Vestas Offshore Wind has the following work packages available within our scope of works during Construction:

- Labour hire
- Transport companies
- Tool suppliers - Hand and power tools
- Electrical wholesalers
- Hotels
- Taxis
- Catering & beverages
- Office equipment & stationery
- Portakabins
- Laundry facilities
- Waste disposal
- Cleaning
- Fencing / Security



# Opportunities for local suppliers

## – How to get in contact with MVOW



Being the result of a joint venture, MHI Vestas Offshore Wind is collaborative at heart.

For us it is essential to reach out and create strong partnerships with suppliers: to unlock the full potential of offshore wind. Never hesitate to contact us to discuss your plans, ideas and offers – we welcome all initiatives for partnerships and would be excited to hear from you.

Go to our Homepage: [www.mhivestasoffshore.com](http://www.mhivestasoffshore.com)

### Click the header - **Partnership**

#### **Suppliers information**

Fill in the below form and submit your request to become a supplier to MHI Vestas Offshore Wind

#### Company information

Company name \*

Address

Street Address

Address Line 2

City

State / Province / Region