

It is mandatory that CK Construction Group (CK) team members follow this principle when managing relationships with Subcontractors And Material Suppliers (SAMS). Any CK Construction team member or SAMS' representative who has a question or problem determining the interpretation of this document should contact the appropriate CK Vice President for clarification.

OBJECTIVES

The use of partnering concepts, along with establishing firm, fair, consistent and equitable treatment between CK and SAMS will promote safer, higher quality and more profitable projects for all parties concerned. Alliances can be built upon these principles that can ultimately lead to success for all parties involved.

BID SOLICITATION

Communications and cooperation starts long before the project begins. A mutual trust and confidence can only evolve from all parties operating with honesty and integrity. This begins during the bidding process and carries on regardless if the project is successfully procured or not. Confidentiality is a key element of integrity in partnering and in establishing strong alliances.

A consistent bidding process properly pursued and applied will result in a greater opportunity to:

- Receive quotations from quality SAMS
- Cover all bid items
- Obtain quotations in a timely manner
- Allow sufficient time for evaluation and comparison of quotes
- Obtain favorable pricing
- Gain a competitive edge

During the bid process, we expect CK team members to:

- Discuss quotes with SAMS that appear to be irregular or out of line, that is, too high or too low
- Be open and honest with SAMS about scope items that CK elects to self perform in lieu of subcontracting
- Not participate in bid shopping

A consistent procedure for soliciting quotations should be established for contacting SAMS - personal contact is preferred, but it can also be done by mail, fax, e-mail or telephone. Other procedures may have to be applied if the proposals in the bid documents have special provisions requiring them. Examples are, projects having special requirements for Minority Business Enterprises, Disadvantaged Business Enterprises or other similar specifications. In such cases, CK may make additional efforts to obtain quotations from SAMS necessary to fulfill the special requirements. Such efforts might include newspaper ads, personal contacts, written requests or other forms of communications.

Pre-bid contact should be made with SAMS bidding the project, when addenda are issued, bid dates are delayed or deferred, or when additional information is made available that would have a defined

effect upon a SAMS' quotation. Special situations involving project scheduling, changes in conditions or value engineering opportunities that would include the SAMS should be included in contacts made by CK team members.

BID DAY

SAMS should be kept informed of the time frame in which they must submit their scopes of work and quotations in order for CK to properly evaluate them or to allow CK time to clarify questions regarding the scopes or quotes. CK reserves the right to solicit quotations after this time frame if CK does not receive quotes covering all bid items, or, if in the judgment of CK personnel, quotes received are not reasonable or responsive.

SAMS should not be notified of their standing until the scope of work has been reviewed and the purchasing decision has been finalized.

PROJECT AWARD

When CK is awarded a contract, efforts will be made to expedite the selection of SAMS as quickly as possible. Operating with honesty and integrity includes:

- Not discussing with anyone outside CK any quote by individual SAMS that gives CK favorable pricing or conditions
- Notifying SAMS of any changes in project scheduling or scope of work that might impact a SAMS' quote
- Notifying SAMS of any changes that were made after submittal of SAMS' quote
- Prompt notification to SAMS who are going to be awarded subcontracts or purchase orders
- Prompt acknowledgement to SAMS who were not successful.

PROJECT CONSTRUCTION

CK establishes high standards and maintains high expectations of its SAMS when determining project goals. In return, CK acknowledges the importance of SAMS in measuring the success and profitability of projects. In an effort to contribute to the success of SAMS, CK will promote the following:

- Establishment and maintenance of safe working environments
- Professional project management
- Competent project supervision
- High standards of quality
- Teamwork among all parties
- Establishment and maintenance of realistic project schedules
- Open and honest communications
- Timely administrative procedures
- Mutually fair contract terms
- Prompt payment practices
- Training of all CK team members
- Continuous improvement

CK recognizes the importance of the SAMS in scheduling and expediting the completion of a project. It is important that SAMS are involved in the strategic planning of a project and are kept abreast of changes in scope of work and project schedules. SAMS should also be included in the Partnering Workshops, Pre-Construction Conferences and regularly scheduled on-site progress meetings, when applicable.

A customer survey and evaluation questionnaire may be sent to SAMS upon completion of projects. Each Divisional Vice President will decide the structure of the evaluation form and the determination of

whom will receive a survey. The purpose of this evaluation will be to determine the success of this program and to identify strengths and weaknesses in CK relationships with SAMS.

GIFTS AND ENTERTAINMENT

CK team members are urged to establish and maintain good working relationships with SAMS without feeling that they are obligated to make purchases from them. In this regard, no CK team member shall encourage the offering of gifts or entertainment from SAMS. CK will monitor the receipt of gifts and offers of entertainment to team members in accordance with the following procedures:

- No CK team member shall accept any gifts or offers of entertainment, which, in the opinion of the team member exceeds \$100 in value. All offers greater than \$100 in value should be graciously declined. If the team member feels that an exception to this rule is warranted, they shall contact their Divisional Vice President for approval before accepting the gift. Such gifts or offers of entertainment may be accepted only if their Divisional Vice President grants permission.
- Acceptance of gifts or entertainment of more than \$50 and less than \$100 in value shall conform to the following guidelines: 1) no more than four (4) total in any calendar year; 2) no more than two (2) in any calendar year from the same company, subsidiary thereof, or individual; 3) any offer of entertainment, regardless of the value, that is accepted and causes the team member to be absent from work during normal working hours for more than one day, the excess time will be considered vacation time. Exceptions will require approval by the Divisional Vice President.

ACCOUNTABILITY

As a general contractor/construction manager, CK Construction Group acknowledges the need to hire subcontractors because of their particular expertise and material suppliers because of their products. All parties involved in a project are important to its success. Each of the special services offered by SAMS must be integrated into the project plans and goals.

The most senior Vice President in each division of CK will be accountable for promoting, establishing and maintaining the points of emphasis contained in this program and in measuring the degree of success being obtained. The Vice President may choose to assign the tasks of interfacing with the SAMS to others within his/her supervision. Each division operates differently and each one will establish processes that will cover the procedures, while using the guidelines set forth in this document as a reference.

The Vice President will promote a partnership intended to create an environment of interaction between CK and SAMS that will foster teamwork, cooperation, goodwill, communication and a constant focus on the project goals.

The concepts and points of emphasis contained in this document have been approved and accepted by the Executive Committee of CK Construction Group and may only be changed or amended by members of this committee.