

# Supplier Guideline

Global Procurement – Direct Material

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# Preface

Wieland is a global provider of high-quality solutions with superior customer service. We focus on semi-finished products made of copper and copper alloys, to which we selectively add other materials and products. Together with our suppliers, we want to be our customers' preferred supplier based on our exceptional quality and services.

We therefore attach particular importance to the following success factors, and are committed to the continuous improvement of:

- Customer satisfaction
- Protecting our employees from injuries and illness
- Our employees' motivation and skills level
- Avoiding environmental burdens such as emissions and waste
- Energy efficiency
- The quality of our products and processes including innovative solutions
- Internal control processes to reduce material business risks
- Protecting our IT systems against unauthorised access
- Certified management systems

We are only able to meet the high demands of our customers with a consistent understanding of quality throughout the supply chain.

As our supplier, you directly influence our products and product quality. We therefore require you to actively implement the success factors described above in your company. You should ensure that your employees are aware of these points so that we can operate successfully in the market together.

Ulm, 1 March 2020

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## 1 | Introduction

The general terms and conditions of purchase of Wieland-Werke AG, which can be viewed any time in the internet via the following link (<http://www.wieland.de/aeb>), apply to all purchase orders placed by Wieland-Werke AG (henceforth “Wieland”). Global Procurement will provide you with a hard copy of the purchasing terms and conditions on request.

This supplier guideline complements Wieland’s general terms and conditions of purchase. It describes in detail what we require of you as a supplier, so that together we can meet our customers’ expectations. Our aim is to help you understand what we expect from you and how you should fulfil these expectations. Please read the manual attentively and inform the relevant employees in your company.

The guideline is subject to ongoing revision and we will keep you informed of any changes.

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Person responsible for producing this manual

Responsibility for the content of this guideline lies with the head of the direct material purchasing department. (hereinafter referred to as “purchasing”). The content is developed together with the certain stakeholders within Wieland and will be expanded or adapted as required. Should there be any suggestions for improvement from your side, please feel free to contact us at any time.

## 2 | Code of conduct for our suppliers

Wieland undertakes to comply with the corporate guidelines published on the Wieland website. At the same time, Wieland expects its suppliers to comply with the same principles and guidelines.

In addition, Wieland supports Section 1502 of the U.S. Dodd-Frank Act, which aims to prevent armed groups in the Democratic Republic of Congo or neighbouring countries being financed through or benefiting from trade in so-called conflict materials, and has established an appropriate tracing and auditing process for this purpose. In this context, Wieland requires its suppliers who process potential conflict materials to submit the current Conflict Minerals Reporting Template (CMRT). This is also a necessary condition for approval as a supplier.



### **3 | Requests for quotation and inquiry management**

Purchasing only sends price enquiries via email or fax to the email address or fax number provided by the supplier. An enquiry usually consists of a standard SAP request for quotation (RFQ). Depending on the complexity of the product, this will be accompanied by a description of the material, a drawing, or various specifications by Wieland or our customers. Drawings and specifications will always be sent to you with an index or revision level/date. If a specification is referred to in the RFQ which was not included with the RFQ, it must nevertheless be taken into account in the submitted quotation. If the supplier does not have access to the specification, the supplier shall request it from purchasing if necessary. If the supplier has any queries, they can contact purchasing at any time. Purchasing will contact the responsible technical department and technical contact persons if necessary, and organize the coordination if required.

With every quotation, the supplier confirms to Wieland that the requested product can be manufactured (BU EP: in accordance with VDA vol. 4; IATF 16949) according to the specifications set out in the RFQ, and that this can be carried out on time if an order is placed. Deviations from the RFQ should be clearly indicated in the quotation.

#### **3.1 Contracts and agreements**

For close cooperation with its suppliers, Wieland relies on underlying agreements that must be entered into in writing before a business relationship is established. These include the following agreements:

- Non-disclosure agreement
- Supplier self-disclosure

Depending on the material category to be supplied or type of collaboration, purchasing will decide which additional contracts and agreements need to be signed. These may include the following:

- Framework supply agreement
- Quality assurance agreement
- Delivery regulation agreement
- Consignment stock agreement
- Logistics agreement
- Development agreement
- Consultancy agreement
- Service contract

### **3.2 Lead time for quotations**

To ensure a rapid submission of quotations to our customers, Wieland expects suppliers to submit quotations to us within the period stated on the RFQ. This performance indicator is constantly monitored by Global Procurement and evaluated on a monthly basis. Any deviations will be discussed with the supplier. A negative deviation will be taken into account in the supplier assessment. If a different quotation submission deadline applies, we will indicate this in the RFQ.

### **3.3 Form and content of quotations**

Quotations must contain at least the following details:

- Wieland RFQ number 6000XXXX for an SAP inquiry
- Quotation date
- Price in € per unit for each requested quantity scale
- Terms and conditions of payment and delivery, including Incoterms
- Exact description of the product or processing/finishing of the material
- Confirmation of the required drawings, delivery instructions and specifications with index or revision level/date
- Deviations from the RFQ must be clearly marked
- Confirmation of the packaging as specified in the request. If nothing is stated in the quotation, this shall be considered a confirmation
- Current delivery time at the time of the request
- Material input factor / maximum scrap rate for series production in percent
- In the case of requests for coatings with multiple widths, specify the optimum multiple width for the coating
- For platings with precious metal, indicate the precious metal requirement in g/kg
- Supplier's contact person for queries about the quotation

In addition to the minimum details, other information or suggestions for product improvements may also be provided at the supplier's discretion.



## 4 | Order processing

### 4.1 Purchasing orders via Procurement

Purchasing orders will be sent to suppliers exclusively by the certain procurement department via fax, email or EDI.

### 4.2 Order confirmation

Purchasing orders from Wieland shall always be confirmed in writing. Since Wieland is unable to send its customers an order confirmation without having a confirmation from the supplier, an **order confirmation from the supplier is expected within no more than two working days**. This is indispensable for Wieland to also promptly send an order confirmation to its customers.

Order confirmations must be sent by fax or email to the fax numbers or email addresses stated in the purchasing order. Any deviations from the Wieland purchasing order must be explicitly indicated. The preferred form of order confirmation is the countersigned Wieland purchasing order by the supplier.

### 4.3 Incoming goods inspection for subcontracting

For incoming deliveries of primary materials, the supplier must check on receipt of delivery the proper condition of the packaging, as well as the quantity and identity of the primary material, and must determine whether the goods have visible defects. Visible damage (e.g. transit damage) should be documented upon receipt of delivery as a note in the carrier's delivery papers, as well as reported immediately to our purchasing department.

### 4.4 Packaging of goods

Unless agreed otherwise, Wieland will not provide additional funds for containers and packaging. Each quoted price shall include the provision of products in appropriate packaging that protects their quality. In principle, the supplier is liable for quality impairment due to defective or soiled packaging.

For the sake of the environment, Wieland requests every supplier to use as little packaging as possible and to pursue the goal of reducing its use wherever possible. Please also note that dangerous goods may only be transported in approved packaging.

If excessive packaging is used, Wieland reserves the right to send the packaging back to the supplier.

When selecting the type of packaging, the following aspects should be taken into account:

- Parts are to be delivered free of damage
- Loads have to be secured during transportation
- Moisture protection
- Optimal use of space in the transportation units
- Optimum capacity use of loading equipment
- Easy to unload
- Stackability
- Specified standard dimensions must be met
- Simple removing parts from packaging
- Optimal packaging units for production
- Recyclable materials
- Smallest possible environmental impact (in accordance with German Packaging Ordinance (*Verpackungsverordnung*))
- Use of non-recyclable materials should be avoided

#### **4.4.1 Packaging requirements**

The supplier is responsible for packaging the goods correctly. If Wieland requires a specific packaging, this will generally be indicated on the purchasing order. If the supplier does not have the current description of the required packaging, they shall request it from purchasing.

If the supplier requires additional packaging, e.g. due to dividing coils or outgoing delivery includes different sizes, they should request the materials in good time from purchasing.

If larger quantities of packaging materials are regularly required, it is possible to obtain packaging materials directly from one of the production plants.

Packaging materials provided for subcontracting are and remain the property of Wieland. Packaging materials that are no longer required should be used for other Wieland orders if possible. If there is no use for the materials, they must be returned. Packaging materials that are no longer usable shall be disposed of by the supplier.

#### **4.4.2 Packaging coils of strip products**

Note the following points when packaging coils:

- Breaks in the strip within one coil are not permitted.
- Foil and paper discontinuities within one coil are not permitted.
- If infeed films are used, the coils concerned should be clearly marked with a sticker "Caution! Film".

- In the case of galvanic coatings, the supplier should wind the coils as tightly as possible to prevent possible damage due to relative forces.

#### **4.4.3 Packaging requirements for BU Engineered Products**

The type of packaging and the packing unit should be precisely defined between Wieland and the supplier using the “packaging data sheet”. The packaging system should be available to the responsible logistics department at Wieland at a time agreed between Wieland and the certain supplier, and should be accepted by the Wieland logistics departement in writing before its first use. If reusable packaging is provided, separate agreements shall be made for its handling, if necessary.

All deliveries must be packed and labelled according to the agreement. Unless other requirements have been communicated, the packaging shall be labelled in accordance with section 4.5.1 to assure the identification of the goods at all times.

In the event of changes, the first delivery after an adjustment must be clearly marked as such; if the goods are used at multiple Wieland locations, this requirement applies separately to each plant. After the modified goods have been delivered for the first time, it is no longer permitted to deliver goods with the old change status (FIFO).

#### **4.5 Labelling of goods**

The wide variety of products resulting from the various Wieland business units entails various requirements and specifications for the labelling of goods.

##### **4.5.1 BU Engineered Products**

All deliveries for BU Engineered Products must be labelled in accordance to automotive standarts with VDA 4994.

At least the following information must be printed on the label:

- Wieland purchasing order number 450XXXXXX
- Supplier’s delivery note no.
- Quantity in pieces and kg
- Wieland material number
- Wieland part/product name

#### **4.5.2 BU Rolled Products**

The supplier is required to clearly label the goods after processing. Both the agreed packaging units and the individual packages must be provided with labels. Old labels with incorrect information must be completely removed and may not remain on the goods or only with new labels added. Wrongly or insufficiently labelled goods will result in a complaint being raised with the supplier.

At least the following information must appear on the labels:

- Wieland purchasing order number 450XXXXXX
- Alloy and dimensions of the material – if available the Wieland material number
- Net and gross weight per package
- Consecutive package numbers
- Wieland customer order number 11XXXXXX if available
- Individual part number (e.g. coil number)

#### **Wieland Internet Labelling**

If a supplier has to process large numbers of packages every year, Wieland reserves the right to have the supplier produce the labels in the internet application Wieland Internet Labelling. The application is made available to the supplier free of charge, as is the preprinted paper. In order to run the application, the supplier requires a computer with internet access and a laser printer which is able to print on A4/A5 size paper.

Once the application has been set up for a supplier, the supplier must record all packages for Wieland in the application and label with the printed labels. In this case, the shipping departments will no longer send labels to the supplier. The individual packaging units must still be labelled by the supplier as described above.

#### **4.6 Transportation and securing loads**

The responsible for transportation is specified in the purchasing order by stated Incoterms. However, the supplier has general responsibility for properly securing the goods on the pallets as well as in the truck. Dangerous goods must always be transported in accordance with the currently applicable dangerous goods regulations (ADR/RID).

## 4.7 Shipping documents for notification of order completion

### 4.7.1 Shipping documents for subcontracting

Once the processing of the material is complete, the completion must be reported to purchasing by email.

The following documents must be sent in full in an email for further processing:

- Delivery note with at least the following information:
  - Quantity of processed material (pieces or kg)
  - Wieland purchasing order number 450XXXXXXX
  - Wieland production order number (if available)
  - Wieland customer order number 11XXXXXX (if available)
  - Number of packages
  - Used Wieland batch numbers or batch number from prior vendor (only for partial deliveries, if there is material remaining)
  - Amount of scrap for this delivery (only required for partial quantities if there is material remaining)
  
- List of all packages with at least the following information:
  - Gross and net weight per package
  - Quantity of parts (e.g. number of coils per package)
  - Dimensions of each package
  
- Acceptance test certificate as specified in the purchasing order. The acceptance test certificate must be transmitted as a separate document in the best possible quality. This is necessary because in some cases the acceptance test certificate is forwarded directly to customers of Wieland.
  
- For initial orders, sampling documents as specified in the purchasing order. The sampling documents shall be sent together with the samples directly to the quality department specified in the purchasing order.

#### 4.7.2 Shipping documents for primary material

If the pre-material is delivered to us by the supplier, all documents (except for the sampling documents) can be sent with the goods. If the material is collected by Wieland, the documents must be made available to the purchasing department in advance by email.

The following documents are required:

- Delivery note with at least the following information:
  - Weight and/or number of pieces of the finished product
  - Wieland purchasing order number 450XXXXXXX
  - Number of packages
- List of all packages with at least the following information:
  - Gross and net weight per package
  - Number of parts (e.g. number of coils per package)
  - Dimensions of each package
- Acceptance test certificate as specified in the purchasing order.
- For initial orders, sampling documents as specified in the purchasing order. The sampling documents shall be sent together with the samples directly to the quality department specified in the purchasing order.

#### 4.8 Invoicing

A single electronic copy of the invoice should be sent to the following email address:

[invoice@wieland.com](mailto:invoice@wieland.com)

We are unable to process electronic invoices that are sent to other email addresses in the company.

We can accept the following invoice formats (sorted by priority):

1. Electronic exchange formats (ZUGFeRD, XRechnung)
2. PDF format

To enable invoices to be processed automatically, one of the following indications is expected on the invoice (sorted by priority):

- Assignment with purchasing order
  - Purchasing order number (must be provided)
- Assignment without purchasing order
  - Email address of the requisitioner
  - Name of the requisitioner

If none of this information appears on the invoice, in future the invoice will be returned to the certain supplier with the expectation to add the missing information.

Other important requirements:

- Each email may contain exactly one invoice.
- PDF files may not contain an electronic signature.
- Attachments such as reports of work completed, service reports etc., which do not directly belong to the invoice document, must have a file name beginning “AN\_”.
- Attachments such as general terms and conditions may no longer be sent unless their file name begins with “AN\_”.
- Mandatory requirements for the contents of invoices are set out in section 14 (4) of the German Value-Added Tax Act (*Umsatzsteuergesetz, UStG*). In addition, Art. 226 of Council Directive 2006/112/EC on the common system of value-added tax must be observed. Please avoid using any additional address details that deviate from the above. Wieland reserves the right to reject invoices that do not contain the correct details.

Due to the provisions of German tax law, we have to receive your invoices from predefined email addresses. If possible, this should be a technical email address. If this is not possible, please inform us about the email addresses that you will send us your invoices from in future. We are unable to process invoices from other email accounts.

## **5 | Quality management / complaint processing**

Wieland pursues a zero-defect strategy and expects its suppliers to pursue the same. If required, Wieland agrees individual goals with its suppliers.

### **5.1 Supplier's quality management system**

Valid ISO 9001 certification under a currently valid version is a prerequisite for approval as a supplier to Wieland. The ISO 9001 certificate from the certification company must bear the IAF MLA accreditation mark (IAF logo).

If the supplier provides products and services to a Wieland business unit that is IATF 16949 certified, the supplier is required also to strive for IATF 16949 certification. Certification should be processed as stated following:

1. Assessment of conformity with other requirements for QM systems specified by customers (such as MAQMSR – Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers) through customer audits
2. Assessment of conformity with IATF 16949 by customer audits
3. Certification according to IATF 16949 by an IATF-recognised certification company

If the supplier's certification status changes, they must inform Wieland immediately.

### **5.2 Quality assurance for software products for the automotive industry**

If the supplier supplies automobile-specific product-related software or products for the automotive industry with integrated software to Wieland, the supplier is expected to introduce and maintain a quality assurance process for its products.

To evaluate the software development process, the supplier must apply software development evaluation methods. Furthermore, the supplier must store documented information on the results of self-assessments of capabilities in software development, which must be prioritised according to the risks for and potential impacts on the customer.

### **5.3 Sampling documentation**

Initial samples are products that have been manufactured and tested under series conditions (same production machinery as well as parameters, operating resources and test equipment, etc.). The samples must be labelled and, after non-destructive tests have been carried out, sent to Wieland with the initial sample inspection report. The samples must be labelled and the inspection report structured in such a way that the respective values in the initial sample inspection report can be matched to the



inspected parts without difficulty. The chosen manner of marking/labelling the component has to be proceeded in a certain manner which is not hindering Wieland on its testing pursuements.

Sampling is required from the supplier in accordance to mentioned regulations (VDA vol. 2 submission level 2, or AIAG PPAP level 3). Sampling must always be carried out before the first series delivery and requires an approval or provisional approval. Product or process deviations from the last Wieland approval will not be accepted without change sampling (BU EP: VDA trigger matrix). Approval of a product or process does not release the supplier from its obligation to proceed and document an internal approval.

The scope of sampling shall be agreed accordingly on an part-specific basis between Wieland and the supplier. The scope of sampling must correspond to the required submission level and the extended Wieland requirements. Insufficient or incomplete documentation will result in rejection of the initial sample inspection report.

The initial sample inspection report should be sent as a combined PDF file or hard copy printout with the initial sample parts.

#### **Capacity confirmation and capacity demonstration (Run at Rate) for BU EP**

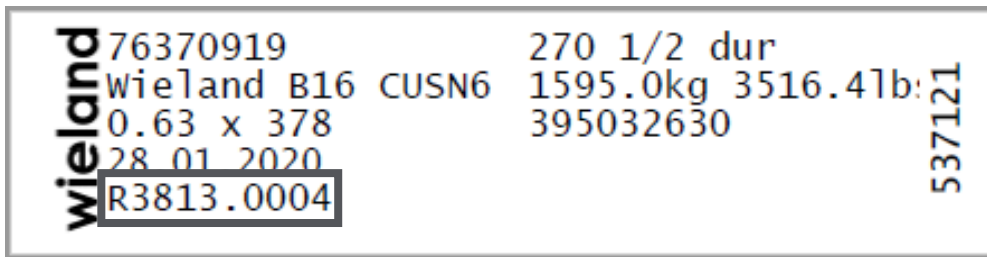
Generally, by submitting a quotation, the supplier confirms their ability to produce the requested quantities with the appropriate flexibility and that they have the necessary resources. Unless agreed otherwise, a Run at Rate (R@R) in accordance with IATF 16949: section 8.3.5.2 must also be carried out and confirmed accordingly. The R@R demonstration forms part of the documentation requirements for sampling (PPAP).

A Run at Rate (R@R) is a performance-based test run under series conditions. The goal of the R@R is for the supplier to prove that they can produce the required quantities within required specifications. In addition, the R@R serves to identify potential weaknesses in the process.

#### **5.4 Traceability**

The supplier is responsible for ensuring the traceability of materials in their production process. Internal material tracking should be based on Wieland package numbers (e.g. coil numbers).

For example, the coil number is an 8-digit number with a leading letter.



**Image 1: Wieland coil label with coil number**

When given an individual part or package number from the incoming delivery, the supplier must be able to clearly identify the corresponding outgoing products.

### **5.5 Handling of defective pre-material in the case of subcontracting**

If a defect is identified in the pre-material during processing on the line that was not identifiable on receipt of the incoming delivery, the following procedure applies:

If a defect is found in the pre-material during processing, it should be reported to the central purchasing email address without delay. Alternatively, the operational purchasing staff responsible for the supplier shall be called directly. To ensure rapid processing, the supplier should send the following information to purchasing:

- Exact description of the defect with photos
- Quantity affected, individual part number and purchasing order number
- A brief assessment of the risk posed by processing the material
- Priority for a response: How quickly do you need to know what to do with the material?

If an individual part is already on the production line, it can still be manufactured completely but must be placed on a separate pallet and clearly marked as blocked.

Purchasing will immediately forward the information to the plant responsible for producing the pre-material, where the case will be investigated.

If the documents provided are not sufficient to evaluate the defect, the relevant complaints processor at the plant will contact the supplier to request additional information.

Once all information is available, the defect will be assessed by Wieland and the supplier will receive a reply from the complaints processor as to how should be further proceeded with the material.

The following options are possible:

- Retrieval of the material for rework at Wieland
- Scrapping of the material and replacement with new pre-material
- Rework by the supplier
- Release for processing, as the defect is classified as non-critical

If an order is manufactured outside of normal office hours and it is not possible to obtain a decision from Wieland on short notice, it shall be at the supplier's discretion to decide whether further production is possible with an acceptable level of risk.

If a product is processed by the supplier despite an identified defect in the pre-material and purchasing is not informed, the supplier shall bear sole responsibility for complaints arising out of this defect. Wieland will not accept a belated reference to a previously discovered defect.

## **5.6 Complaint processing for finished material**

### **5.6.1 Determination of root-causes**

In the event of quality problems in production at Wieland or at one of its customers that relate to the supplier's performance, these shall be reported to the supplier immediately with a "Defect Report to Pre-Material Suppliers / Transfer Partners" (henceforth "DR"). For the root cause analysis, the requirement of samples, photos, etc. shall be discussed and agreed with the supplier on a case-by-case basis. The supplier must confirm the receipt of samples to the relevant complaints coordinator by email to officially notify the start of the defect investigation.

After receiving the DR and the agreed additional information, the supplier is required to send an initial response in form of a 3D report (report in an 8D form) within 24 hours (1 working day) to the relevant complaints processor specified on the DR. This must contain the following items:

- Composition of a team for resolving the problem
- Detailed problem description
- Immediate preventative measures

Insofar as the problems stem from the quality of the products or the supplier's processing, the supplier is required to provide possible solutions within one working day after the problem arises. The supplier must ensure access at short notice to resources for investigating and analysing defects. If the delivery of defective products threatens to cause line-down at Wieland or its customers, the supplier in consultation with the complaints processor must take suitable steps immediately to remedy the situation (e.g. replacement deliveries, sorting, reworking, express delivery, etc.)

A complete 8D report with corresponding statement of the default must be received by the complaints processor not more than five working days from the start of the defect investigation. If this is not possible in the individual case e.g. due to the complexity of the defect, this must be notified with a detailed interim report (5D report). This interim report must contain information on the use of the material, stating that the notification has been acknowledged and providing a date by which the complete 8D report will be submitted (no more than 15 working days from the start of the defect investigation). Deviations from this procedure will result in a negative supplier evaluation.

Final reports on defect analyses must be meaningful, conclusive and complete. For the root cause analysis, at least a "5 Why" analysis must be provided. Alternatively, an Ishikawa diagram or a fault tree analysis can be proceeded. The supplier must also check whether the taken remedial actions can be transferred to other Wieland processes/products and discuss the findings with the complaints processor or purchasing department.

If the supplier is unable to restore the agreed quality level within the agreed period of time, the complaints processor in consultation with the supplier may request the assistance of external service providers at the supplier's expense.

#### **5.6.2 Rework**

If material is to be reworked in the case of a complaint, it will either be collected from Wieland by the supplier, or transported to the supplier by Wieland, following consultation with the Wieland complaints processor. Transportation costs shall be borne by the supplier. Once the goods for rework arrive at the supplier's location, the following information must be reported to the complaints processor immediately:

- The exact quantity in kg that received for rework
- The package numbers or individual part numbers of the goods
- Information about the specific rework that is to be carried out on the material

Once the supplier has received the goods, a cancellation invoice must be issued for the quantity delivered and sent to Wieland if the goods have already been invoiced.

Upon completing the rework, the supplier reports the reworked yield with weight and package data to the purchasing department, and sends a copy to the complaints processor. If, after reworking, the material shows deviations from the specified delivery state, these must be reported to Wieland too. The material will either be collected by Wieland or delivered to us by the supplier, depending on mutual agreements. The supplier can invoice Wieland for the reworked yield after completion of the rework.

### 5.6.3 Billing

Unless otherwise contractually agreed, the supplier's liability for costs incurred shall be determined by the statutory provisions of the Federal Republic of Germany. As a rule, the costs of transportation, scrapping, new production, replacement delivery, sorting, reworking, express delivery, new packaging etc. have to be reimbursed.

If such costs have been incurred in connection with a complaint which the supplier has to bear based on the root cause analysis, then purchasing will charge these costs to the supplier.

Purchasing will create an overview of the costs and email it to the supplier to review. Following approval by the supplier or three working days after the list is sent, whichever is sooner, purchasing will create a debit note. This will be sent to the supplier in the form of a letter.

### 5.7 Dealing with special characteristics

Properties/characteristics declared by Wieland to be "special characteristics" (*besondere Merkmale*) are indicated on the purchase order with the code "[BM]" or in drawings with a triangle or rounded rectangle. Usually, Wieland's customers rely on these characteristics to manufacture safety-relevant components. These characteristics require special monitoring, which the supplier must ensure – and if necessary demonstrate – by suitable means (100% inspection or proof of process capability  $cmk > 1.67$ ,  $cpk > 1.33$ ). For these characteristics, a deviation permit is out of consideration. In the event of non-consideration, there is a risk that short-notice field measures or product recalls may be necessary, for which the supplier will be liable. Evidence of testing must be stored for at least 15 years.

### 5.8 Requalification

An annual requalification audit is necessary if not all features of the product are checked and documented in each delivery or production batch. A requalification audit includes all dimensional checks and material tests as well as applicable functional tests in the initial sample documentation. For special characteristics, a proof of capability or proof of 100% re-inspection must be provided. Results from current series tests can be included (e.g. records from first and last piece testing, product audits, cyclical approvals of series production, SPC reports). Wieland must be informed immediately in the event of deviations. The documentation must be made available to Wieland on request.

### 5.9 Deviation permits

The supplier must obtain a written deviation permit from Wieland up front a product that does not comply with the specifications can be delivered, used in its current state, processed or repaired.

The request for the deviation permit must be made via the quality department of the business unit that was supplied. All deliveries with for which a deviation permit has been issued must be clearly marked as such in the delivery documents and on all load carriers.

## 5.10 Material data sheet via International Material Data System (IMDS)

At Wieland, material data acquisition for products in the automotive environment is proceeded via the IMDS. The supplier registers no later than the FOTP date and releases this for the responsible department at Wieland. Without a released IMDS register, an initial sampling will be rejected. Additional requirements such as an IMDS register for prototype parts must also be met by the supplier if these are communicated as such.



## 6 | Supplier management

### 6.1 Supplier approval

The suitability of new suppliers is generally checked by Global Procurement and quality department in advance by applying a certain supplier approval process. This involves the following steps:

1. The supplier fills out the Wieland supplier questionnaire (RFI). Purchasing sends the questionnaire to the supplier, who should return it to purchasing within three working days. Occasionally, initial indicative enquiries may be sent in order to assess technical or price suitability.
2. Visit at supplier site by a team from the purchasing, quality and possibly technical departments to assess the supplier on site. Depending on the significance of the material group, an audit may be carried out immediately.
3. Assessment by Wieland as to whether the supplier represents a useful addition to the supplier pool. If the decision is positive, purchasing will inform the supplier about the official approval as a supplier. The supplier then will be eligible for requests for quotations and purchase orders from that time on.

The following criteria are basic requirements for approval as a supplier:

- Is it possible to communicate in German or English?
- Is the supplier at least certified to the latest version of ISO 9001?
- Can initial sample inspection report (ISIR) [*Erstmusterprüfbericht*: EMPB] / production part approval process (PPAP) documents be produced?
- Can type 3.1 inspection certificates in accordance with EN 10204:2004 be produced?
- Is complete traceability ensured at least for each production batch?
- Is the supplier covered with product liability insurance including sufficient coverage?
- Submission of a conflict minerals declaration (where necessary)

Approval for deliveries of products is based on initial sampling, which is carried out for each product.

Once a supplier is approved, the following additional agreements will be made if required. In such cases, purchasing will approach the supplier:

- Non-disclosure agreement
- Framework supply agreement
- Agreement on ownership in the case of provision of material
- AEO security declaration
- Long-term supplier declarations for goods having preferential origin status
- Quality assurance agreement

- Conflict minerals declaration
- RoHS/REACH declaration
- Confirmations of minimum wage compliance

The supplier approval is not limited in time, but may be revoked at any time in the event of a negative supplier assessment or other problems with the supplier.

## **6.2 Supplier Evaluation**

### **6.2.1 Annual supplier evaluation**

Suppliers' delivery performance is continuously monitored. Once per calendar year, every supplier with more than 15 deliveries in the assessed period receives a supplier rating as an A, B or C supplier.

This rating is based on the following three criteria:

1. On-time delivery performance  
Measures compliance with the agreed delivery date accepted by Wieland.
2. Quantity reliability  
Measures compliance with the ordered delivery quantity or compliance with the promised input factors for subcontracting.
3. Complaint rate  
Measures the ratio of acknowledged supplier complaints to invoiced purchase orders in the assessment period. The goal is always to achieve zero defects.

The goal for all suppliers is to achieve an A supplier rating.

### **6.2.2 Annual supplier rating for premium suppliers**

Premium suppliers are determined by purchasing at the start of every fiscal year based on sales in the previous fiscal year.

Premium suppliers are subject to a more extensive supplier assessment that goes beyond the criteria of quantity, on-time delivery and quality. The results of the assessment are discussed with the suppliers, and measures for improvement are agreed where necessary.



### **6.3 Supplier audits**

Wieland shall have the right at any time, giving due notice and coordinating with the supplier, to assure itself of the effectiveness of the quality and environmental management system on the supplier's premises in their production facilities, and at those of its subcontractors, and to carry out an audit based on IATF 16949 or DIN EN ISO 9001 or VDA 6.3. Wieland may have this carried out by an appointed third party, in particular also by the customer. The audit may be conducted as a process audit or environmental audit (in accordance with ISO 14001 or EMAS). The supplier shall support Wieland in carrying out the audit. The supplier is required to conclude appropriate agreements with its subcontractors to ensure that Wieland can also exercise the above rights over subcontractors and their subcontractors.

The supplier shall grant free access to all business premises, testing facilities, warehouses and adjacent areas, and allow inspection of quality-relevant documents. Any necessary and reasonable restrictions to safeguard the supplier's business secrets shall be accepted.

If the supplier depends on subcontractors to fulfil its contractual obligations to Wieland, the supplier must integrate their share of supply into its QM system and evaluate it appropriately. This shall also apply to subcontractors designated by Wieland. Alternatively, Wieland can recognise the audit results of third parties.

The final audit report will be discussed with all participants. Any action plans resulting from the audit will be agreed between Wieland and the supplier. Wieland or a third party appointed by Wieland (including the customer) shall be entitled to inspect the implementation of the defined measures, including on site.

The audit also results in classification as an A, B or C supplier. This is incorporated into the annual supplier evaluation in the year of the audit.

### **6.4 Supplier development**

Wieland develops its suppliers with the goal of continuous improvement, and aims to achieve a zero defect rate together with the supplier. A further goal is to have the highest possible percentage of A-rated suppliers in the supplier base.

To this end, meetings are arranged at least once a year with premium suppliers and other selected suppliers to discuss the current situation and possible improvements, and to develop solutions together.

## Dealing with B and C suppliers

Depending on the results of the supplier assessment, suppliers will be developed by strategic purchasing.

B suppliers are encouraged to develop towards being an A supplier. In individual cases, Wieland's strategic purchasing department may request an action plan from the supplier.

If the supplier is classified as a C supplier, Wieland always requests an action plan from the supplier. This plan must indicate the measures via which the supplier intends to address its shortcomings. The implementation of measures is monitored by the quality department and strategic procurement.

If a supplier is repeatedly classified as a C supplier, the supplier will be blocked for requests for quotations and new articles until they have regained B supplier status. If the supplier fails to gain at least a B supplier rating after this action has been taken, the process for terminating the supplier relationship will begin.



## **7 | Provision of material, tools and equipment**

Wieland shall retain ownership of materials, parts and tools provided by Wieland. They may only be used for their intended purpose. Further details shall be set out in the separate agreements on the provision of material (tools).

## **8 | Occupational safety, energy and environment**

Occupational safety, energy and the environment are important concerns for Wieland.

Wieland therefore requires its suppliers also to comply with all health and safety regulations as well as statutory and regulatory requirements. Suppliers should aim for certification in accordance with the recognised management systems for occupational health and safety, environmental protection and energy.

### **8.1 Handling of hazardous substances**

The supplier must identify chemicals or other materials that pose a hazard when released into the environment and ensure their safe handling, carriage, storage, use or reuse and disposal.

### **8.2 Restrictions on product constituents**

The supplier shall comply with all nationally applicable laws, regulations and communicated customer specifications regarding the prohibition or restriction of specific substances. This also includes labelling requirements for recycling and disposal.

## **9 | Supplementary provisions**

### **9.1 Physical inventory management**

Annually in September, Wieland carries out an inventory count. As part of this inventory, stocks held by suppliers must also be checked. Purchasing will inform the supplier at least four weeks prior to the inventory date regarding the exact procedure and deadlines to be observed.

Suppliers are required to record the materials stored with them according to the purchasing department's specifications, and to report this data without errors by the specified date. If necessary, Wieland employees must be granted access to the materials in order to satisfy themselves that the count is correct.

If differences in stocks are identified during the inventory, purchasing will contact the respective supplier to clarify these differences and work together with the supplier to determine the causes.

If a physical inventory is not possible, the supplier must send a signed statement of accounts (e.g. metal accounts) to Wieland. The account statement will not be accepted unless signed.

### **9.2 Emergency concept**

The supplier is required to draw up emergency plans for business continuity (fire, flood, failure of IT systems or of the electricity, gas or water supply, machinery or tool defects, material supply problems, HR problems, strikes and field failures with any subsequent recall campaigns), and conduct audits to prove their effectiveness.

### **9.3 Customer-specific requirements**

Generally applicable requirements of Wieland customers are already included in this supplier guideline. If additional customer-specific requirements are specified by Wieland customers, these will be agreed separately with the respective supplier on a project basis.

### **9.4 Compliance with legal and official requirements**

All externally provided processes, products and services must comply with the applicable statutory and regulatory requirements of the exporting country, importing country, and destination country specified by the customer – if they are communicated to the organisation (here: the supplier).

# Version history

Version	Changes	Date
1.0	Initial version	28 May 2018
2.0	Extensive revision	01 March 2020

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