Quality Management Guideline for Suppliers

	Release Vorwerk Group	**Release** Vorwerk Group
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Date	01.01.2022	01.01.2022
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Content

1. Introduction

The Vorwerk Autotec & Drivetec Group - hereinafter referred to as client – supplies products of different requirements and functions to many automotive customers.
To ensure current and future requirements of our customers, the topics quality, environment, occupational safety, business ethics and sustainability must increasingly be taken into account.
This QUALITY MANAGEMENT GUIDELINE (QMR) forms the binding framework between client and supplier and serves to meet the requirements of our customers.
This document is part of our purchasing conditions and the confirmation by the supplier is the condition for delivery to our group of companies.

In case of contradiction, the German version shall apply.

2. Scope of applicability

This QMR applies to all suppliers who deliver production material (raw material, components, coatings, services) to the client's plants::

Vorwerk Autotec GmbH & Co. KG - Wuppertal
Vorwerk Drivetec GmbH - Wuppertal
Vorwerk Autotec Polska Sp. z o.o. - Brodnica
Vorwerk Autotec (Suzhou) Limited
Vorwerk Drivetec (Suzhou) Limited
Vorwerk Autotec de México S.A. de C.V. – Lagos de Moreno
Vorwerk Autotec Serbia d.o.o. - Cacak
Vorwerk Drivetec Serbia d.o.o. - Cacak

2.1. Quality

As a minimum, we expect from our suppliers to maintain a certified management system according DIN EN ISO 9001 and the intention, if IATF 16949 has not already been implemented and certified, to develop their system to meet the requirements of IATF 16949. We also expect the application of the automotive-specific methods and required formats when exchanging documents.
The supplier commits to follow a zero-defect strategy and to maintain and to improve continuously high-quality standards.
The supplier assigns a Product Safety and Conformity Representative (PSCR). The one has to be appropriately trained and performs the functions in accordance with VDA booklet „Product integrity“ and is contact person for the client in relevant situations.

2.2. Environment

The supplier commits to continuously pursue resource-and environment-conserving control of his company and to follow potentials for improvement to reduce environmental impact. A certification towards ISO14001 needs to be aimed for. The supplier is obliged to inform the client proactively about possible environmental hazards in the handling of the goods delivered or the services provided.

2.3. Health and Safety

Products for our customers must only be manufactured in a safe environment. The supplier is committed to maintaining a safe environment for its employees and will target ISO45001 certification. The supplier is obliged to proactively inform the client of any occupational safety hazards in the handling of the goods supplied or the services provided.

2.4. Information security and data protection
All data and information exchanged between client and supplier are expressly intended for business relations only and must be protected from disclosure to third parties. Incidents in which data of the client could be affected are to be reported without delay.

2.5. Legal compliance
The supplier shall comply with the legal requirements and regulations at its production sites, for processes and products. The delivered products are subject to the applicable legal requirements of the delivering plant and, if specified by the client, to those of his customers.

2.6. Business ehtics / sustainability
The ethics/sustainability guidelines of the client are derived from the specifications of the OEM and need to be confirmed by the supplier (see sustainability guidelines Vorwerk of valid revision).

2.7. Risk management
The supplier is required to deal with all risks of his business activities and to protect himself against decisive and critical effects by suitable emergency plans. Risks which have an impact on the ability to deliver goods in accordance with the specifications to the client must be reported directly to the supplying plant.

2.8. Continuous improvement
The supplier has implemented a structured process of continuous improvement for all products, processes, operations and services and demonstrably applies it to the products supplied to us and activities associated with the business relationship.

2.9. Management of sub suppliers
The supplier takes responsibility towards his subcontractors / suppliers / service providers. He ensures that the requirements from this QMR are passed on in the supply chain to maintain consistency of requirements. All necessary customer requirements such as drawing characteristics, special characteristics are to be made available to the subcontractor.
If necessary, the supplier shall provide the client with access to the premises of his sub-supplier in order to conduct an audit.

3. Product and process approval

3.1. Feasibility Study
For all products, we expect our suppliers to verify before conclusion of contract whether the requested product can be manufactured and delivered on time in the required quality and quantity. In case of product requirements specified in the technical documents cannot be implemented or contain erroneous, unclear or incomplete descriptions, the supplier immediately contacts client for clarification. The manufacturability assessment carried out must comply with the requirements of IATF 16949 and be documented at the respective revision levels of the products.

3.2. Special characteristics

Product features whose characteristics have a significant influence on the function / safety and / or further processing are to be treated as special characteristics. These may be specified by the client or result from the supplier's risk assessments. Special characteristics are to be marked as such in all relevant product and process documents and are to be given special consideration in the context of product and process approval.

3.3. Prototype program

Until series production readiness of product, sample parts are required which may not yet be final in their properties. Our customers require also monitoring of the characteristics of such components. Supplier must provide proof of material properties (chemical/mechanical) and dimensions. The components are to be marked and delivered in accordance with the respective drawing status as specified by the customer.

3.4. Controlplan

The Controlplan (PLP) is the central document for production and must be maintained from the prototype phase onwards. Every change must be recorded so that the PLP always corresponds to the current design and process status. This also includes process conditions / tests that deviate for a limited period.
The production control plan contains all special characteristics from D- and P-FMEA and drawing.

3.5. Initial sampling

Within the product and process release, the supplier shall prove its ability to manufacture the product in the required quality and disclose this to the client. The requirements for the initial sample delivery and the documentation to be sent along are set out in a separate initial sample order and are to be carried out in accordance with PPF VDA volume 2 or PPAP AIAG. The goods sent must be clearly recognisable as an initial sample consignment. Unless expressly agreed otherwise between the supplier and the client, initial samples must be produced and tested from series processes and using the series tools and series testing equipment. If external laboratories are used for initial sampling, proof of accreditation in accordance with ISO17025 must be provided.

3.6. FMEA

Suppliers are required to prepare and maintain a documented Failure Mode and Effects Analysis (FMEA) for the development and production process. FMEAs must be available for inspection upon request.

3.7. Customer specific requirements / CSR

Customer-specific requirements IATF 16949 can be obtained via https://www.iatfglobaloversight.org/oem-requirements/. Relevant other customer standards/specifications will be provided by the client if required.

4. Continuous series and process quality

4.1. Serial testing and requalification

The supplier must ensure that planned product tests are carried out in accordance with the PLP submitted for sampling or agreed with the client.
In general, each delivery item must be subjected to an annual requalification test. This includes a full inspection as in initial sampling. Group requalifications of similar components are permissible by agreement with the client. Requalifications shall be documented and must be made available to the client upon request within one working day.

4.2. Change management

The supplier applies a structured change management process. Changes, which require a release of initial samples are the occasions for triggering the PPF procedure specified in VDA Volume 2.
The client must be notified in writing 6 months in advance of any planned change to the product and/or production process, including other sources of supplier materials, transfers to other locations, plant modifications or similar. Only a written release of the change allows the supplier to implement the change, which is then to be presented as a change sample submission.

4.3. Deviation approval

The client only accepts deliveries that are in conformity with the drawing and comply with other contractual and legal requirements. Once supplier intends to make a delivery contrary to these requirements, this must be notified in advance to the supplied plant in written with application for deviation permission / special release. The supplier may only deliver after the written approval of the customer and the implementation of the imposed measures.

4.4. Statistical process control

Statistical process control (SPC) is used to detect process deviations at an early stage and to take corrective action in the process before defective products are produced.
The supplier must prove by means of corresponding quality control charts that statistical process control is applied at least for all special (critical or significant), controllable characteristics. The client is entitled to inspect these documents at any time upon request.
If product characteristics cannot be checked directly, SPC shall be applied regarding process parameters influencing these characteristics. Verifiable product characteristics shall be preferred to indirect correlation with process parameters.
The minimum requirements are, unless otherwise agreed:

- Machine capability: CmK ≥ 1,67
- Prelimanary process capability: PpK ≥ 1,67
- Longterm process capability: CpK ≥ 1,33

and shall be determined according to VDA Volume 4.

4.5. TPM

In order to maintain the planned production and testing capacities and to avoid unplanned downtimes, the supplier is obliged to continuously maintain and service its machines, devices and systems. Based on experience, recommendations of the manufacturers, actual operating conditions, analysis of the maintenance activities, "critical" spare parts are to be replaced preventively, stocked in sufficient quantities, or other measures such as contractually agreed spare parts delivery periods or external stock are to be taken. Priorities need to be given to bottleneck equipment and equipment without redundancy.

4.6. Complaints / 8-D

Any deviation from specifications and contractual conditions will be complained by client to supplier. The supplier is obliged to submit a 3D report within 24 hours and to have completed the complaint by an 8D report within 10 working days. Deadlines may be extended if requested early. Vorwerk is available for further information necessary for processing the complaint. The processing of the complaint regarding timing and content will be part of the supplier evaluation. Costs arising with a complaint and proven cause by the supplier are borne by supplier.

4.7. Incoming inspection

The supplier's certified and effectively managed QM system and quality assurance measures are the basis of defect-free deliveries and services. The detection of defects in a random inspection of incoming goods is therefore very limited. The client shall check incoming goods of the deliveries for quantity, identity, transport damage and visually recognisable violations of the specifications. There is no obligation to carry out further inspections. Defects which become apparent in the further course of processing shall be notified to the supplier without delay.

4.8. Escalation process

In the event of serious deviations in quality, delivery or project progress, the client will initiate an escalation process. It is important that there is constant communication between the client and the supplier in analysing the problems and introducing measures to remedy the shortcomings.
In the event of undersupply, backlog reduction plans must be agreed with the client's logistics department. Impending line stoppages lead to immediate measures for the supplier to remedy the weak points and to restore ability to deliver.
Escalations as described for incidences above or in case of repeat defects, serious component defects, serious shortcomings in deliveries, complaints by the client's customers are processed via a 3-stage escalation procedure.

- Stage 1: The supplier is invited to an escalation meeting, solutions for the problem will be defined. The supplier must take appropriate measures to eliminate negative impact on delivery performance / quality.
- Stage 2: Supplier's measures are not effective, client decides on support measures, e.g. a process analysis at the supplier. Possibly, own safeguarding measures are initiated at the expense of the supplier at the client. Actions are closely monitored with the supplier.
- Stage 3: Stage 2 measures are not successful. The supplier is classified as a C-supplier and is blocked for new enquiries. Information of the customer(s) may be necessary after risk evaluation of client.

The supplier's management is expected to be involved in the escalation process.
De-escalation: If the measures are successful and the deviations are rectified, the client will withdraw the escalation levels.

4.9. Traceability / Archiving of product data

The delivery of the components shall be made in accordance with the agreed packaging and labelling. The supplier is obliged to ensure complete traceability of its products from the delivery note, to the delivery container, to its production batch and to the input material batches used. Unless otherwise agreed, the supplier shall keep records of its products, test results and initial sample documents for 15 years after EOP.

5. Performance rating

5.1. Supplier rating

The performance of the suppliers is continuously monitored and evaluated. The supplier is rated according to classification A, B, C in accordance with VDA 6 and includes the criteria of quality, logistics, price, service and compliance with further requirements, such as certification according to IATF 16949 or ISO9001, as well as ISO 14001, ISO45001, sustainability behaviour. If a supplier has achieved a status C in the overall rating, the client requests corrective and improvement measures. If there is no improvement, the supplier is blocked for new projects.

5.2. Audits

The supplier shall carry out internal system audits, process audits and product audits on its own responsibility. These have to be proactively recorded in an audit plan and extended by special audits in the event of non-conformity events. As far as applicable according to processes, the supplier is obliged to carry out annual CQI audits according to AIAG (for example CQI-9 Heat Treatment).
The supplier shall grant the client and, if applicable, the client's customer or his representative after notification and during normal business hours access to its production facilities for the purpose of conducting a process/ or system audit. The trigger for such audits may be new projects, new processes, changed processes, escalations from client side or regular visits.

6. Patents or other intellectual property rights

If an invention that can be patented or protected arises from the joint development with the supplier, the client receives the sole patent/intellectual property right.

7. Severability clause

Should individual provisions of this contract be ineffective or unenforceable or become ineffective or unenforceable after the conclusion of the contract, the validity of the rest of the contract remains unaffected. The invalid or unenforceable provision shall be replaced by a valid and enforceable provision whose effects come as close as possible to the economic objective that the contracting parties pursued with the invalid or unenforceable provision. The above provisions apply accordingly if the contract proves to be incomplete.

8. List of changes

Date	Index	Description of the change
2003-01-15	A	Replaces Quality Management Guideline for Suppliers, Edition B dated 2000-09-28 of M/s. Vorwerk & Son GmbH & Co. KG
2004-03-24	B	Chapter 8, "Ownership Identification" added Chapter 9, "Supplier Evaluation" evaluation grid completed
2005-12-29	C	Chapter 4.7 "Re-qualification Testing" added
2006-04-11	D	Chapter 4.3 "Securing of processes which have not been enabled" revised Chapter 4.4 "Test certificates" 3.1B changed to 3.1 Chapter 4.8 "Process modifications" added
2009-04-01	E	Complete revision of this QMR
2013-02-01	F	Removal of the "Vorwerk Dichtungssysteme GmbH & Co. KG". Expansion of the QMR to cover M/s. "Eldisy". Chapter 5, "Ethics Guideline" added Chapter 6.2.1 "Process flow chart added Chapter 9, "Escalation Procedure" added Chapter 18: "Severability Clause" added New structuring of the chapter.
2015-08-01	G	Release for the Vorwerk Group / Central Purchasing and Eldisy Purchasing by new management

		Chapter 1.1 „A: Vorwerk Group: Scope“: Vorwerk Autotec de Mexico, Vorwerk Drivetec de Mexico, Vorwerk Drivetec Suzhou Ltd. added Chapter 1.2 „B: Eldisy Group: Scope“: „Mönsheim“ replaced by „Heinsheim“; „…supporting function…“ replaced „Central function“ Chapter 3 „Quality M0anagement System“: …if the supplier has no ISO TS 16 949, he shall be regarded as a target…“new added. Chapter 4 „Procurement Chain“: „The supplier undertakes to comply with the current customer requirements and to convey these demands to their supplier“ New added Chapter 6.3 „Packaging and cleanliness“: Extension to delivery without damaging or compromising the quality. Chapter 6.4.1 „Request“: Correction of the VDA submission and expansion to PPAP submission Chapter 6.4.4 „Other Samples“: Delete reference to Chapter 4 (VDA Volume 2) Chapter 7.6 „Traceability“: Extension to „First in – First out Chapter 7.8 „Procedure in case of safety-relevant components“: The download of the waiver-form sheet was deleted from the internet side of Vorwerk. Chapter 7.9 „Re-qualification Testing“: Change the interval of „regularly“ in „annual“; „other intervals can be defined project specifically“ added Chapter 9 „Escalation Procedure“: Level 0: Note added to the normal state Level 2: Extension to „fee for the ..“; Deletion of „Selfaudits“ Level 3: Rephrasing Chapter 10.1 „A: Vorwerk Group: Supplier Evaluation“: Evaluation scheme adapted to VDA 6.3 (AB-Evaluation deleted; Adjusted percentages). Chapter 13 „Documents and records“: Concretization of the storage periods: 15 Years after **EOP** Chapter 19 „Other applicable rules and regulations“: ISO 14001 added
2022-01-01	H	Revision of complete Guideline, validity adjustments, simplification, adaption of sustainability requirements, HSE and current Quality requirements