



## Guidelines for your cooperation with **BIEBIGHÄUSER**



**Engine components**

**made in Germany**

<b>Version 03</b>	<b>Drafted</b>	<b>Approved/Released</b>
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<b>Signature</b>	<b>Mr. Müller</b>	<b>Mr. NN</b>



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## 1. Preamble

### 1.1 Intention

The success and global market position of Metallwerk Biebighäuser GmbH, Biebighäuser Kunststofftechnik GmbH and Biebighäuser Slovakia s.r.o. (hereinafter referred to as "BIEBIGHÄUSER") are based primarily on the quality of our products. The services we purchase externally have a significant impact on the quality of our products. Our suppliers' product quality directly influences our ability to deliver excellent quality to our customers.

Applying state-of-the-art quality management methods is something we and our suppliers are committed to as a matter of course. In doing so, we attach great importance to keeping our customers satisfied throughout the entire supply chain. Optimised logistics, a high degree of flexibility, and timely delivery of accurate quantities are the characteristics that round off our suppliers' performance.

This Supplier Guideline serves to further improve our successful cooperation in meeting our customers' requirements. It forms part of our contracts and applies to all our suppliers concerning the delivery of production material and payroll management services.

This Supplier Guideline provides suppliers with information on the principles we practice, illustrating the measures, methods and performance standards required in order to obtain an "A"-listing among our suppliers over the long term.

The rules of this Guideline are aimed at helping to deliver faultless, fully functional products and services of high quality, in conformance with the order and within the delivery deadline so as to ensure that the BIEBIGHÄUSER products are of the high quality the name BIEBIGHÄUSER is associated with.

For this reason, Biebighäuser reserves the right to conduct process or project audits any time, inter alia, in case of critical projects or unacceptable response times of the supplier.

Please read this Supplier Guideline carefully and do not hesitate to contact BIEBIGHÄUSER's central procurement department should you have any questions.

This Supplier Guideline constitutes a binding document. It forms part of the contractual agreement between BIEBIGHÄUSER and the Supplier and already applies in the pre-contract RFQ phase.

### 1.2 Other existing documents

This Supplier Guideline supplements the existing Purchasing Conditions, Purchasing Conditions for Tools, customer-specific requirements and any individually agreed contracts between BIEBIGHÄUSER and the Supplier. The latest version of the Purchasing Conditions as updated from time to time is published on [www.biebighauser.de](http://www.biebighauser.de) and is available to all suppliers as a download at any given time. All suppliers are recommended to keep up to date regarding the latest version of the BIEBIGHÄUSER Purchasing Conditions and other documents.

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## 1.3 Applicable regulations

BIEBIGHÄUSER requires that its suppliers as well as their downstream suppliers implement and apply a quality management system approved by the automotive industry (IATF 16949, or ISO 9001 with or without VDA 6.1). All suppliers must be certified according to ISO 9001 and their certificates must include an accreditation seal of a recognised member of the IAF MLA. The main field of activities of the accreditation agency must include certification of management systems according ISO/IEC 17021. Suppliers and their downstream suppliers should aim for a quality management system that complies with the requirements of **IATF 16949 (in the respective current version) as well as for certification within a reasonable period of time.**

Moreover, we are committed to **ISO 14001** (environment management system) and **ISO 50001** (energy management system) in the respective current version and expect the same from our suppliers. We would like to point out that MB assesses your quality management system, environmental performance and energy efficiency and takes these aspects into account as a criterion during the supplier selection process.

BIEBIGHÄUSER actively works on achieving the targets of **REACH** (Registration, Evaluation, Authorisation and Restriction of Chemical Substances). The European Community REACH Regulation (EC) No. 1907/2006 entered into force on 1<sup>st</sup> July 2007 with the aim of improving the protection of human health and the environment through better and earlier identification of the effects of chemical properties. In this context, we refer to your obligation to inform according to Article 33 (1) of the REACH Regulation.

Metallwerk Biebighäuser GmbH is committed to maintaining a socially and environmentally responsible supply chain. Therefore, we shall take all necessary steps to avoid any minerals of illegal and unethical origin in our products.

We expect our suppliers to avoid all conflict mineral smelters. Minerals are considered conflict minerals if extracting, transporting, trading, processing or exporting these minerals directly or indirectly supports non-state armed groups. We call upon our suppliers to exercise due diligence in all stages of the supply chain. This includes taking the necessary steps to ensure that the minerals used by the supplier, in particular, tantalum, tin, tungsten and gold, do not contribute to the direct or indirect funding or support of armed conflicts.

Metallwerk Biebighäuser GmbH also plans to comply with the principles established by the United Nations and the US Congress.

Generally, you are under obligation to supply us with materials that are verifiably not radioactively contaminated and contain no conflict minerals.

You need to keep BIEBIGHÄUSER continually informed on the status of your quality, environmental, energy management and other certification. Two weeks after having received a new certificate at the latest, BIEBIGHÄUSER is to be supplied with a copy without specific request. Should a certificate be revoked, this is to be reported within one week. Failure to do so may lead to a supplier being blocked.

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Suppliers must comply with the AIAG requirements (see <http://www.aiag.org>) in accordance with their defined processes so as to fulfil the applicable specific needs of our customers. Please send the corresponding self-assessment documents to QSK@biebighäuser without specific request every 12 months. Moreover, all applicable Federal Motor Vehicle Safety Standards and ECE regulations must be complied with and implemented.

We expect our suppliers and their downstream suppliers up to the original manufacturer to comply with the applicable laws and ensure reporting of the specific customer requests for all processes, products and services provided externally as a matter of course. We similarly expect compliance with the respective applicable legal and governmental requirements of the export country, the import country and the country of destination as specified by the customer, provided the customer communicated the country of destination as such.

## 1.4 Code of Conduct

The present standards define requirements concerning human rights and work standards, business ethics as well as environmental protection and safety that are applicable to all suppliers of Biebighäuser. They are valid worldwide and are valid for producing suppliers as well as service suppliers. The contents of this document are part of the terms and conditions with our suppliers worldwide. We call upon businesses to pass on these requirements to all employees as well as their own suppliers and to make sure they are being complied with. In addition, Biebighäuser expects their business partners to adhere to all applicable laws and regulations. This refers to the United Nations' Declaration of Human Rights and Global Compact, the Guidelines for Multinational Enterprises of the Organisation of Economic Cooperation and Development (OECD) and the Conventions of the International Labour Organisation (ILO).

Biebighäuser adheres to the same principles regarding work standards, business ethics, environmental protection and safety in everyday operations.

We have explicitly defined our internal responsibility in our environment and energy guidelines. Biebighäuser supports suppliers in the implementation of these requirements and moreover reserves the right to verify compliance and to draw conclusions in case on non-compliance.

### Work standards

#### **Respect for human rights**

Suppliers are requested to respect and to promote the respect for internationally recognised human rights. With regard to all business activities within their own sphere of influence, suppliers are to act in such a way that they themselves, their business partners and suppliers do not commit or are involved in human rights violations.

#### **Free choice of employment**

Forced or compulsory labour is prohibited. Employees must have the freedom of choice to terminate the employment relationship observing a reasonable notice period.

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## **Zero tolerance of child labour**

Child labour is prohibited in all production and processing stages. We call upon our suppliers to at least comply with the ILO Conventions concerning the minimum age of admission to employment as well as the ban on child employment. Children must not be inhibited in their development. Their health and safety must not be impaired.

## **Equal opportunities / ban on discrimination**

Suppliers are under the obligation to create equal opportunities for all employees and to Refrain from any kind of discrimination. Discrimination of employees based on descent, origin, nationality, race, religion, worldview, political or union affiliation, gender, sexual orientation, age, disability, a medical condition or pregnancy is prohibited.

## **Freedom of association and right to collective bargaining**

Businesses shall uphold the freedom of association and the effective recognition of the right to collective bargaining. It must be guaranteed that employees can maintain an open dialogue on working conditions with their management, without having to fear negative consequences. The freedom of employees to associate, join a union, seek representation and to be elected as an employee representative is upheld.

## **Fair wages, working hours and social benefits**

Remuneration and social benefits must be in line with the basic principles concerning minimum wages, the applicable rules on overtime, and compulsory social benefits. Working hours and work-free time must at least comply with the applicable laws, industry standards or pertinent ILO Conventions, whichever are more rigorous.

## **Occupational health and safety**

As an employer, the supplier guarantees occupational health and safety, at least within the framework of the respective applicable national provisions, and supports the continuous further development and improvement of the work environment. The supplier must adhere to anti-trust laws. Businesses must comply with the rules of fair competition and respect the prohibition of agreements with competitors and other measures interfering with the free market.

## **Avoidance of conflicts of interests**

In dealing with business partners, suppliers are requested to base decisions solely on objective criteria and not to be influenced by personal and individual financial interests.

## **Commercial confidentiality**

Suppliers shall treat all information which is not obvious, commercial and technical, and which becomes known to them through the business relationship, as commercial secrets.

## **Environmental protection and safety**

### **Environmental responsibility**

In the light of environmental problems, suppliers are requested to act based on the precautionary principle, take initiatives to promote environmental responsibility and foster the development and dissemination of environmentally friendly technologies.

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## Environmentally friendly production

Suppliers are requested to ensure optimal environmental protection in all stages of the production cycle. This requires a proactive approach in order to avoid or minimize the consequences of accidents that may have a negative impact on the environment. In doing so, it is crucial to use and further develop energy- and water-efficient technologies based on strategies for emission reduction, reuse and recycling.

## Environmentally friendly products

All products manufactured throughout the supply chain must meet the specific environmental standards of their respective market segments. This is to include the complete product life cycle as well as all materials used. Chemicals and other substances that might pose a threat in the event of release must be identified. Suppliers must set up a system to manage these hazardous substances so as to ensure the safe handling, transport, storage, recycling or reuse and disposal of these substances on the basis of a suitable approach.

## Product safety and quality

Upon delivery, all products and services must fulfil the previously defined criteria with regard to quality and active and passive safety, and must be safe for their intended use.

## 2. Procurement process guideline

### 2.1 Requests

Any request by BIEBIGHÄUSER will be made in writing by e-mail or fax. The supplier is in charge of obtaining any norms and standards referred to in the drawings and component specifications (DIN, ISO, VDA, customer-specific requirements, automotive standards etc.). If the requested part has to be manufactured according to the specifications of a technical drawing, the supplier is obliged to keep updated with the latest version of the document.

In addition, the supplier undertakes to ask for the intended use of the requested products (processing steps, surface coatings, etc.).

Before making an offer, the supplier shall conduct a feasibility and risk analysis giving due consideration to its technology and capacities, which is to be submitted together with the offer.

Any potential technical, quality or other improvements or issues may be mentioned in the quotation and/or discussed with the purchaser in charge.

### 2.2 Submitting an offer

In order to ensure transparency and straightforwardness of your offer, we expect that the scope of the offer comprises a cost breakdown and a reproducibility analysis including a risk assessment of the component to be produced.

Templates for the respective documents as required shall be made available by the respective purchaser during the enquiry procedure. In order to be able to ensure fair competition between the respective suppliers, we can only consider any offers that comply with the full scope of requested documentation. We expect from the suppliers to

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indicate possible savings potential and identify those options as additional items when submitting the offer.

In addition, we expect from our suppliers that they also submit more energy-efficient alternative solutions without specific request in case such options are available. Energy efficiency is to be evidenced by way of an economic efficiency calculation.

## 2.3 Supplier information

Notwithstanding a personal visit to your premises, we require every new supplier to provide us with detailed information on the company. The information needs to be filled in by the supplier in a Supplier Information Sheet (**Annex 2**: "Supplier Information Sheet"). BIEBIGHÄUSER is to be informed of any material change. To this end, we expect you to send us an updated version of the Supplier Information Sheet.

## 2.4 Supplier audit

BIEBIGHÄUSER requires all suppliers to conduct an audit according to VDA 6.3 at least once a year (valid for a maximum period of 12 months) for all process steps involved in the manufacturing of the product groups ordered by BIEBIGHÄUSER. The audit is to be made available to Biebighäuser upon request.

## 2.5 Nomination of suppliers

The decision to nominate a new supplier is made by the Procurement, Product Management, Quality Management and Supply Chain Management departments in a Corporate Supply Council (CSC). Framework agreements concluded by the Procurement department form the basis of business relationships.

## 2.6 Framework agreements / individual orders / delivery schedule

In general, any order placed by BIEBIGHÄUSER is sent to you in written form (by e-mail, by fax or by EDI) and is subject to our Purchasing Conditions, Purchasing Conditions for Tools, Purchasing Conditions Lease Agreement and Supplier Guideline. The following documents constitute a material part of any Agreement concerning purchased parts or services and out-sourced processes:

- Framework agreement
- Delivery schedule
- Order
- Drawings (and/or data set, as the case may be)
- Customer requirements

Any requirements contained in the order documents must be entirely fulfilled by the supplier. In case of doubt, the supplier must contact BIEBIGHÄUSER's Procurement in a timely manner to clarify the issue.

As a rule, framework orders are sent to the supplier by e-mail. You must confirm receipt within five days.

When we place framework orders, our Materials Management will provide you with delivery schedules according to our needs. If we receive no feedback by email to the sender within three days, the delivery schedule is considered accepted. The volumes

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stipulated for the first month may be deemed approved and can go into production; delivery deadlines may change according to our customers' demands up to one week before delivery. The delivery schedule for the second month is only an approval of the materials. Delivery schedules for the following months are non-binding forecasts.

## 2.7 Packaging

Packaging needs to be designed specifically for each component bearing in mind aspects of logistics, quality assurance, environmental protection and economic aspects. Suitable packaging is also intended to avoid transport damages. If you have not received packaging instructions together with the framework agreement, you are requested to hand in a packaging proposal within two calendar weeks upon receiving the framework agreements and agree upon suitable packaging with BIEBIGHÄUSER. Any parts delivered to us are to be preserved in a fashion that prevents corrosion/flash rust occurring when the items are stored indoors over at least 4 weeks if weather conditions are unfavourable. All cartons, small load carriers and other items of transport packaging are to be labelled according to the current VDA 4902 standard and the following instructions:

No.	Field name	Description	MB Instructions
1.2	Consignee long	1.Row Name Part I	Metallwerk BIEBIGHÄUSER GmbH
		2.Row Name Part II	Plant 1 or Plant 2
		3.Row Country Code, Postcode, Place	D-51381 Leverkusen
		1.Row Street, Number	Borsigstrasse 14 or Benzstrasse 13-15 (see (framework) order)
		2. Row Additional Info	
2.1	Place of discharge		To be filled in individually acc. to (framework) order; e.g. "Plant 1, Goods Receipt Area Hall 3", "Plant 1 Hall 2" etc.
2.2	Storage area		To be filled in individually according to MB
2.3	Place of consumption		To be filled in individually according to MB
2.5	Consignee long		Storage area and place of consumption mandatory info
3.	Delivery note number		Actual delivery note number to be stated by supplier (not framework order number!!!)
4.	Supplier address		Short form is permissible if unambiguous
5.	Net weight		In kgs
6.	Gross weight		In kgs
7.	Number of packages		Must comply with Alternative 3 of VDA 4902 standard (packages per delivery note and item number)
8.	Customer item code		Imperative: must contain complete and correct MB item code
9.1	Quantity per package		Per package (final number after agreed packaging tests or supplier's recommendation)
11.2	Customer item code for package		Imperative: must contain complete and correct MB item code
12.	Supplier number		Provided by us (creditor number leading)
13.	Date		Must contain shipping date ("D YY.MM.DD")
14.	Construction version		Enter MB drawing number
16.	Lot number		Mandatory field; information provided by manufacturer/supplier
17.	Supplier address long		To be filled in individually for each supplier

## 2.8 Out-sourced processes

Out-sourced processes are processes that are carried out using external personnel at external facilities but based on the expertise (equipment, tools, teaching, devices, process and work instructions) of Metallwerke Biebighäuser GmbH. Out-sourced

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processes are covered by supplier monitoring and are subject to the management and monitoring by Metallwerk Biebighäuser GmbH. All internal / external provisions regarding requirements by customers are provided to the requisite service provider. They are being implemented and product and process compliance is ensured by Metallwerk Biebighäuser GmbH.

## 2.9 Recourse claims

Recourse claims become necessary whenever Biebighäuser must bear additional costs caused by the supplier, in the form of travel expenses and expenses for auditors, that do not lead to the required outcome on the part of the supplier (target fulfilment). Recourse claims shall be based on the actual effort in days (number of person-days performed by auditors on the supplier's premises) and a lump sum for domestic and international travelling.

Additional expenditures may be reclaimed for the following reasons:

- When a process audit must be conducted due to non-compliance with agreements on the part of the supplier.
- When a self-assessment of a supplier based on an audit cannot be confirmed in the framework of a process audit.
- When a rating of "A" is not achieved within the period of time that was agreed upon in the action plan, and thus an additional process audit is required (see 3.9).
- When crucial process changes and changes in the supply chain or outsourced process steps make it necessary to re-sample or re-assess the quality capability.

## 3. Quality guideline

### 3.1 Quality planning

The usual standards (VDA, APQP, FMEA, PPAP, SPC, MSA) and customer-specific requirements must be observed when planning and implementing quality assurance measures. The standard to be applied to new developments is determined as part of project management.

In addition, we expect you to have a risk analysis process implemented in your organisation and to document the implementation of said process.

The VDA Guidelines ("VDA-Band"), No. 4 part 1 – 4, the requirements stipulated in IATF 16949 of ISO 9001 and/or APQP, respectively form the basis for quality planning. We expect every supplier to apply suitable methods of quality planning; in doing so, putting together an FMEA for the supplied products and related manufacturing processes is indispensable. BIEBIGHÄUSER expressly reserves the right to inspect such FMEA.

Particularly when it comes to features and functions that are critical to a process, details of the respective test and audit methods must be agreed with BIEBIGHÄUSER in a timely manner in the course of advance quality planning.

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BIEBIGHÄUSER reserves the right to make more detailed agreements with suppliers in the form of contracts or specific component-related quality assurance agreements. Any measures agreed must be aimed at ensuring timely delivery and fault-free production. BIEBIGHÄUSER expects its suppliers to verifiably plan and implement measures in order to achieve the "zero fault rate" strategy.

The results of quality planning are to be documented.

### 3.2 Proof of competence

Features that have been identified as being essential to the component's functionality (main / functional features) and which, consequently, need to be specifically secured, are individually agreed upon with the supplier. To this end, the supplier will approach BIEBIGHÄUSER with a proposal. The features to be monitored are determined in component-related quality assurance agreements.

Work sequences and resources are to be planned in such a way that these features can be manufactured with adequate process capability. A cpk-factor of  $> 1.33$  proves process capability. The cpk-factor is indicated in the initial sample test report and is evidenced by means of statistical process control.

Should it not be possible to produce such proof of process capability at the time of inspection of the initial sample, we expect the proof of preliminary process capability of  $cpk > 1.67$  with at least 20 samples of 5 parts each.

The evidence is to be produced to BIEBIGHÄUSER upon request on a cost-neutral basis.

Should the process capability of features as agreed no longer be verifiable during serial production, a 100% final check may be acceptable for an interim period of time in exceptional cases and in agreement with BIEBIGHÄUSER's Quality Management. In such a case, the test process map is to be corrected and a catalogue of measures to reach process capability again is to be agreed.

The supplier regularly conducts internal system, process and product audits, following the IATF 16949 and DIN EN ISO 9001 standards or VDA guidelines, in all divisions that play a role in the production process of the products delivered to Biebighäuser.

### 3.3 Approval of production processes and products

An assessment of the production processes and initial sample testing are the basis upon which production processes and products are approved.

Planning and implementing controlled, capable processes is a crucial aspect of quality planning for new products. Only test equipment with an acceptably low level of measuring uncertainty may be used in any testing activities. The capacity of the test equipment according to MSA or VDA 5 is to be documented, and the evidence is to be disclosed to BIEBIGHÄUSER upon request.

All quality planning activities that are carried out are to be documented in records and documents as required in the process determined for initial sample testing. The VDA Document 2 ("VDA-Schrift 2") and/or PPAP are the basis for this. We reserve the right to evaluate the performance of the production process based on a Run@Rate.

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Any deliveries made before approval of the initial sample must be clearly marked with the respective delivery clearance information. If a deviation permission or special approval has been granted, it must accompany the delivery.

### 3.4 Approval of initial samples

According to VDA 2 or PPAP, an initial sample is a component produced completely under serial production conditions, which has been tested by the supplier regarding all the respective features determined for the part.

BIEBIGHÄUSER's Central Procurement orders initial samples with a separate order or as a separate position on the framework order. Type and scope of the initial samples to be produced will be defined in a form supplied by the BAG (German Federal Office for Goods Transport) and made available to the supplier. The delivery of initial samples is made to Quality Management, clearly marked as initial sample.

If the number of initial samples is not stated in the order, at least 10 sample components are needed. In the case of multi-cavity moulds, at least 10 parts from each mould are to be provided for assessment.

The documentation to be provided is defined in the order. In any case, documentation must contain information on the machinery (including machine number) to be used in serial production.

At every submission level, material data needs to be entered into the IMDS (International Material Database System) in order to record the ingredients.

A measurement report is to be prepared for all measurements of the product drawing and for each cavity in the case of multi-cavity moulds. It must be possible to allocate the measurement results to the individual samples. Additional requirements (e.g. parts history, information on product-specific measuring tools and their measuring capability, packaging plans) may be agreed in the course of advance quality planning or order placement. Specific requirements regarding the verification of the process capability of functional features must be observed by the supplier.

Initial samples are rejected if the requirements provided are not met. The following are potential reasons for rejection:

- Incomplete, incorrect or missing documents
- Unapproved deviations from target values
- Missing IMDS data

Costs for a new sample are to be borne by the supplier.

Deliveries of serial-produced components may only occur after approval of the initial sample.

### 3.5 Serial production

In order to control and monitor quality during production, tests according to the supplier test process map and the supplier's testing instructions have to be conducted in all manufacturing areas.

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Every production start needs to be approved by a duly authorised and qualified member of staff. If immediate approval is not possible, the products must be clearly marked and blocked in every case.

Tests that take place in the course of the process must be carried out and documented in such a way that they ensure early detection of any trends or deviations.

The scope of final testing depends on the process capability, the consistency of previous tests and the risk of the product.

Test documentation must generally contain following information:

- Scope of testing (number of tested products and features)
- Test results (actual measurement values, number of rejects, types of faults and fault rates)
- Test decisions (approval, special release by BIEBIGHÄUSER, rework, rejection, return)
- Results of follow-up tests after rework
- Deviations from the predetermined process parameters and measures initiated
- Results of 100% testing

## 3.6 Faulty parts

### 3.6.1 Variations in quantity

The number of items to be delivered is stated in the delivery call-off or order and must be strictly adhered to. Deviations (e.g. in order to use up left-over material) are not permissible unless approved by BIEBIGHÄUSER.  
Rejects may not be billed.

### 3.6.2 Variations in quality

Irrespective of the final inspection of outgoing goods performed by the supplier in accordance with our purchasing conditions, BIEBIGHÄUSER will conduct spot checks pursuant to the following criteria:

- Identity check
- Visual check of immediately visible transport damages
- Quantity check

Any parts identified by BIEBIGHÄUSER as deficient will be rejected. You will be notified immediately by e-mail after a negative test result, including a photograph of the deficient feature; a detailed test report will follow instantaneously. The supplier then needs to respond based on an 8-D report within the given time frame:

- Immediate measures shall be communicated and effectively implemented within 24 hours upon receiving the complaint report.
- Corrective measures and/or short-term remedial measures shall be communicated and initiated within 5 workdays upon receiving the complaint report.
- The efficacy of short-term remedial measures shall be demonstrated within 10 workdays.

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- Long-term remedial measures / preventive measures shall be communicated and initiated within 10 working days. The corresponding proof of efficacy is based on a binding plan for action.

BIEBIGHÄUSER will automatically consider any complaints that the supplier does not respond to in writing within 3 working days to be accepted.

In order to prevent production downtimes at BIEBIGHÄUSER, the supply of fault-free components takes top priority. This is why suitable corrective measures in order to rework or replace such items must be taken immediately, i.a. to prevent such downtimes. To this end, BIEBIGHÄUSER has the right to carry out such rework/sorting work with the help of a third party in agreement with the supplier. The costs arising from such deficiencies are borne by the supplier:

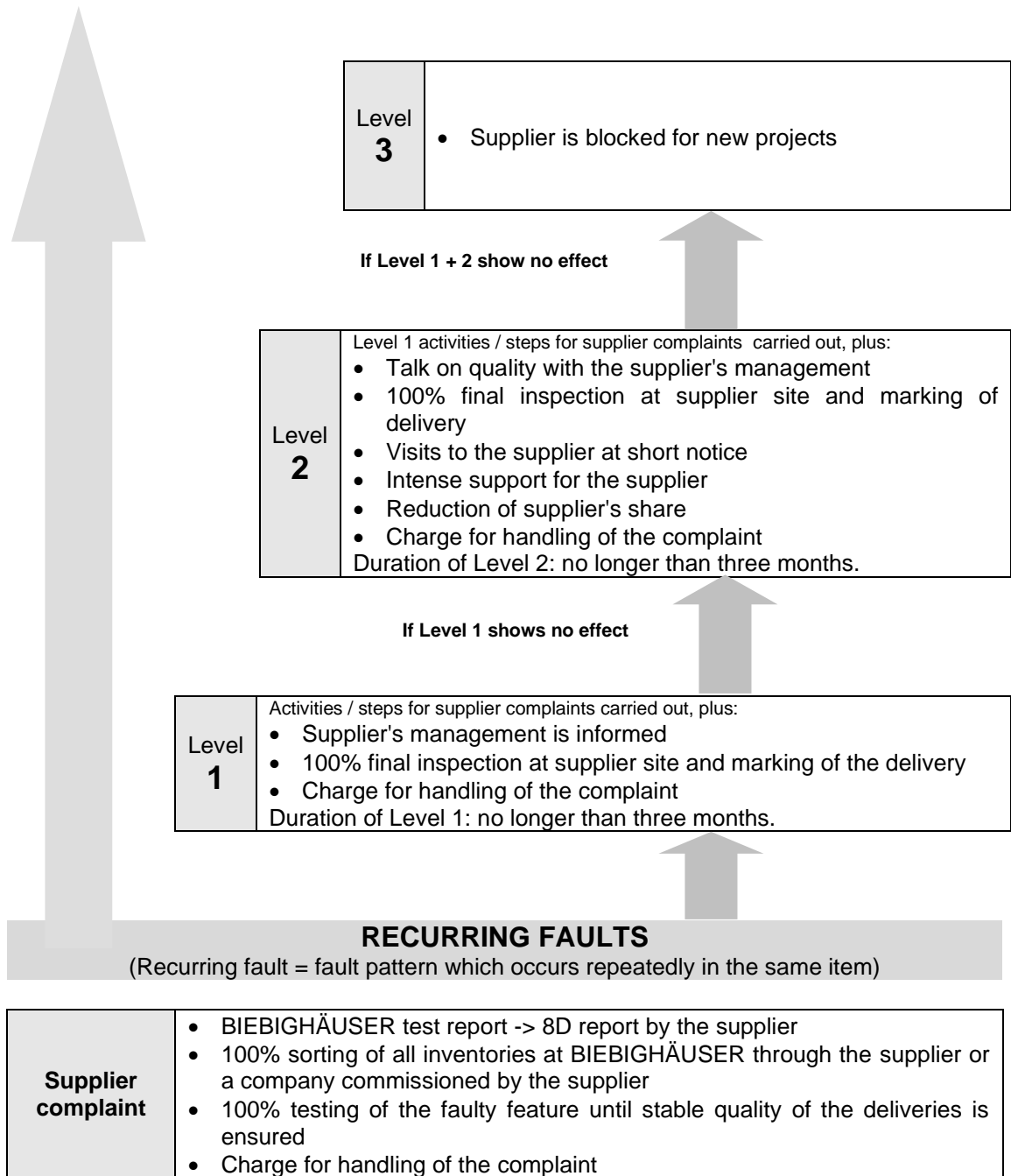
- Sorting costs
- Costs of rework
- Disruption of production at BIEBIGHÄUSER
- Disruption of a customer's production
- Special transport of finished parts to the customer
- Special transport of fault-free products to BIEBIGHÄUSER
- Special transports to service providers (for further processing of items, e.g. coating) so that customer deadlines can be met
- Process audits due to such complaints
- Other services relating to the complaint (e.g. analysis of materials)
- Costs for audit reports.

### 3.6.3 Escalation plan

If claims are frequent and deficiencies re-occur, we assume that processes are not adequately controlled by the supplier, tests are insufficient and employees not appropriately qualified for the task, until the supplier disproves such assumptions. The resulting costs and charges are avoidable and must be corrected as soon as possible. The escalation plan described hereunder consists of three escalation levels, and shows what activities, reactions and consequences follow if the agreed quality levels are not met.

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### 3.7 Procurement from sub-suppliers

If a supplier can only meet its delivery obligations by sourcing products or product processing services from sub-suppliers, BIEBIGHÄUSER is to be informed in writing prior to implementing such measures. The supplier is not permitted to take such steps before having received written approval from BIEBIGHÄUSER.

This approval is subject to the supplier having made the contents of the customer requirements known to the sub-supplier and having satisfied itself that the requirements are known, understood and implemented. The supplier is also responsible for any sub-suppliers determined by BIEBIGHÄUSER and their products and services.

Having a system according to IATF 16949 or ISO 9001 with and without VDA 6.1 in place for selecting, evaluating and approving sub-suppliers is a prerequisite for the procurement of products from sub-suppliers.

Should a sub-supplier not be validly certified or audited according to IATF 16949, ISO 9001 with and without VDA 6.1, or should there be a quality issue, BIEBIGHÄUSER may audit the sub-supplier upon notice acting either on its own or together with a BIEBIGHÄUSER customer at any time.

### 3.8 "A" parts

"A"-parts (previously called "D"-parts) are those products to which special documentation requirements apply. These products and the respective features are to be marked accordingly in the paperwork / drawings. VDA Document ("VDA-Schrift") No. 1 (Verification) is applicable to these products.

BIEBIGHÄUSER requires that verification and/or quality-related documents for "A"-parts be kept for at least 20 years. For all other quality-related documents, a retention period of at least 10 years applies.

### 3.9 Quality assessment / supplier evaluation

BIEBIGHÄUSER inspects goods received. The scope and strictness of testing depend on the quality assessment of the individual product. In every case, identity and quality checks are performed and the intactness of the packaging is checked. Deliveries or part-shipments that cannot be accepted by BIEBIGHÄUSER due to deficiencies are subjected to a PPM evaluation.

Moreover, a supplier's logistics performance is evaluated (deadlines, quantities etc.). The results of this evaluation are part of the annually performed supplier evaluation. Other evaluation criteria include the supplier's environment management, energy management and competitiveness.

Performance under the above mentioned evaluation criteria is weighted and leads to an overall result, which categorises a supplier as an A, B or C supplier. Supplier evaluation is based on the following structure:

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Performance category	Criteria	Evaluating department	Weighting (per cent)
Q performance	PPM figures	Quality Assurance	50%
Logistics	Adherence to deadlines and quantities	Materials Management	35%
Competitiveness	Quality of the offer	Central Procurement	5%
Environment	Valid environment certificate	Environment Management	5%
Energy	Valid energy certificate	Energy Management	5%

Suppliers that receive an overall result of > 91% receive an A rating. Suppliers with an overall result of > 81% are rated as category B suppliers. Suppliers with a lower result are rated as category C suppliers.

The supplier is informed of the result of the supplier evaluation in writing. The letter contains information on the PPM figure achieved.

We expect suppliers with a B or C rating to provide us within 14 days with a plan of action to raise their rating to an A, including a robust cause analysis (e.g. based on 5 Whys or the Ishikawa diagram).

The implementation of these improvement measures as well as their long-term efficacy are to be demonstrated based on a self-audit on the part of the supplier and to be made available upon request.

We will audit suppliers that have received a C rating. BIEBIGHÄUSER's Central Procurement and Quality Assurance departments will determine the type and scope of the audit, the date of the audit will be agreed with the supplier.

In the meantime, the supplier shall define and agree with BIEBIGHÄUSER's Quality Assurance department special measures to ensure product quality (e.g. 100% tests for a limited period of time). If quality deficiencies persist, BIEBIGHÄUSER may assign a third party to conduct the 100% tests of delivered products.

The supplier undertakes to bear the costs incurred by BIEBIGHÄUSER for the resolution of such issues, e.g. the costs of measuring, sorting, rework, extra shifts, special transports, travel costs or other extraordinary costs for complaint-related visits, process audits or repeated product or process approvals at the supplier.

If quality or logistics problems persist and cannot be lastingly resolved by means of jointly taken measures, we expressly reserve the right to review the whole business relationship. Reasons for this may include:

- Substantially deteriorated quality of parts
- Substantial excess of target value
- Insufficient fulfilment of system requirements
- Unsatisfactory response times
- Non-compliance with BIEBIGHÄUSER's specifications

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### 3.10 Audit

Reasons for supplier audits include:

- Selection of new suppliers
- Monitoring of the current series
- Quality issues in serial production
- Our customers' requirements

The supplier undertakes to implement the quality improvement measures defined in the audit report in a timely manner and to communicate any updates.

### 3.11 Re-qualification testing

Re-qualification testing of products is an IATF 16949 requirement to be met by all suppliers and their downstream suppliers in accordance with the current customer-specific requirements of customers of Metallwerk Biebighäuser GmbH.

All parts supplied to Metallwerk Biebighäuser GmbH must be subjected to a regular and scheduled requalification procedure in accordance with IATF 16949, chapter 8.6.2. The manufacturing processes must be subjected to periodic and scheduled requalification.

Generally once a year, all products to be delivered must be subjected to complete dimensional and functional testing in accordance with the supplier's production management plans taking into account the valid customer specifications on material and function.

Re-qualification testing must be confirmed by providing the VDA Initial Sample Test Report cover page or Initial Sample Warrant (PPAP). No return confirmation will be sent by BIEBIGHÄUSER.

The date of approval of the initial sample is decisive for the date of re-qualification testing. 12 months after the most recent initial sample approval at the latest, documentation of re-qualification must be delivered to BIEBIGHÄUSER without further request.

If re-qualification documentation is not delivered, BIEBIGHÄUSER shall submit a fee-based reminder concerning said documentation.

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## 4. Annex

### Annex 1: Supplier Information Sheet

Company name	
Street	
City, Postcode	
Country	
VAT ID	
Tax / Commercial Register No.	
Telephone Switchboard	
Fax Switchboard	
Home page	

Management		Extension	-	E-mail:	
Sales		Extension:	-	E-mail:	
Procurement		Extension:	-	E-mail:	
Quality		Extension:	-	E-mail:	
Construction		Extension:	-	E-mail:	
Production		Extension:	-	E-mail:	
Material Planning		Extension:	-	E-mail:	
Product Safety and Conformity Representative		Extension:	-	E-mail	
Environmental Management Officer (UMB)		Extension	-	E-mail	
Sustainability Officer		Extension	-	E-mail	

### General company information:

Since when has your company been active in the market? / Current form of organisation?	
Total number of employees / of which administrative staff/industrial workers	
Organisation structure (please enclose org chart)	
Where do you have branches (please differentiate between development, production and sales)?	
Total revenues of the last 3 fiscal years in millions of Euros (plus forecast for the current year)	
Share (in per cent) of the products to be delivered to BIEBIGHÄUSER in total revenue	
Annual profit of the last 3 fiscal years in millions of Euros (plus forecast for the current year)	

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Capital expenditure of the last 3 fiscal years in millions of Euros (plus forecast for the current year)	
Total market volume in per cent	
Major customers (including each customer's share in total revenue in per cent)	
Which of BIEBIGHÄUSER's competitors do you supply?	
Major suppliers (including each supplier's share in total revenue in per cent)	

Product range, please differentiate between manufactured products / traded products	
What manufacturing processes have you implemented?	
Have you taken out product liability insurance?	
Have you taken out automobile recall insurance? If so, to what amount?	

<b>Capacity and processes:</b>	
How do you achieve and ensure the volumes / capacities planned for the current year? What shift system do you apply?	
Which is the critical process element with a view to capacity (e.g. production line / tools, manpower, suppliers)?	
What evidence of process capability can you provide?	
Which tests are carried out during serial production?	
How do you ensure maintenance of production lines / tools?	
What measures do you take in the event of a capacity bottleneck? Please briefly describe the short, medium and long-term measures.	
How do you ensure supply of the parts in case of problems with the manufacturing process?	
How do you ensure the logistic quality of deliveries (timely delivery of correct amounts)?	

<b>Sub-suppliers:</b>	
How long are the lead times of the materials required to produce our product?	
What measures do you take to ensure that your sub-suppliers have the required capacities?	

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### Quality, environment and energy:

What quality management, environment protection and energy management certificates do you have? When do they expire? (Please enclose copy of the certificates).

In case you have no environment protection or energy management certificates, what are the measures you take in terms of preserving the environment / increase energy consumption efficiency?

Person in charge:

Function:

Date:

Please do not hesitate to contact Mr. Müller (+49-2171-505272, [t.mueller@biebighauser.de](mailto:t.mueller@biebighauser.de)) or Mr. Schneider (+49-2171-505276, [l.schneider@biebighauser.de](mailto:l.schneider@biebighauser.de)) should you have any further questions.

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