# Supplier Guideline

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| 1. | Purpose |
| | Global competition, customer expectations and product demands require constant improvement of all products, processes and business operations.<br>The continuous improvement of products and processes and the sustainable provision of quality, costs affect the entire supply network, in which you play an important role as a supplier.<br>This guideline shows our supplier the expectations, requirements, conditions and methods necessary to achieve our common targets.<br>This policy is applicable to all products delivered and all services provided to SCHWEIZER.<br><br>The product quality is of decisive importance for the competitiveness. All suppliers are an integral part of our final product, the directly influence the product quality. Therefore, the reliability of the supplier, the product quality and the price has to correspond to the world market level.<br><br>In order to constantly meet the demands of the market our supplier and we have to cooperate as partners. Only the use of approved methods of quality assurance with their “zero defect philosophy” makes it possible to reach this aim. |
| 2. | Code of business ethics |
| | SCHWEIZER expects its suppliers to conduct their business according to the ethics principles based on the international human rights designations, especially the abandonment of child labour. |
| 3. | Legal requirements, environment and energy |
| | SCHWEIZER stands up for legal requirements, common industry standards and environmental protection. This commitment is also expected from our suppliers and is also valid for a sustainable use of energy.<br><br>The contractual relationship for deliveries shall be subject to German material law. |
| 4. | Responsibility for the product quality |
| | The supplier is responsible for the quality of his products. The product quality has to be assured by systematic prevention of defects during all phases of the product cycle. All characteristics mentioned in specifications, drawings, supply specifications and other documents have to be observed.<br><br>The quality characteristics are defined by:<br>• the procurement specifications or/and<br>• separate supply and acceptance specifications or/and<br>• samples. |
| 5. | Proof of quality capability |
| | The supplier must maintain a quality assurance system with a certification at least DIN EN ISO 9001: (actual release). He is requested to actively develop his quality management system according to ISO/TS 16949: (actual release).<br><br>The supplier shall guarantee the right of access for SCHWEIZER, its customers and regulatory authorities to enter the relevant areas of all facilities, at any level of the supply chain involved in the contract and to all relevant records. The Supplier grants SCHWEIZER and also his customers the right to review the quality system with audits. An audit does not relieve the supplier of his sole responsibility for quality. |

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| 6. | Requalification |
| | The supplier shall re-qualify its components once a year. He has to maintain a qualification-monitoring program for reliability and environmental tests in order to ensure and demonstrate that the delivered components meet all the agreed requirements.<br>Re-qualification documentation shall be archived by supplier and shall be made available to SCHWEIZER upon request. |
| 7. | Preventive quality assurance |
| 7.1 | Contract review |
| | The supplier has to review our order documents carefully and to decide on the manufacturability of the product on basis of his production equipment and capabilities. This applies not only to new products but also to revisions of current products. If the supplier is not able to meet the requirements or the delivery does not comply to the specifications of the purchase order a written approval by SCHWEIZER must be obtained.<br><br>The supplier is bound to inform SCHWEIZER about all order documents, specifications or drawings, which seem to be ambiguous or faulty. This also includes the clarification of any diversity of interpretation. In any case of doubt, the interpretation of the purchaser is valid. The supplier is obliged to submit suggestions to facilitate a resolution. |
| 7.2 | Quality planning |
| | Upon request, SCHWEIZER may examine the planned production and control processes. All corresponding production and control equipment and all raw materials are part of this examination. |
| 7.3 | FMEA (failure mode and effects analysis) |
| | Prior to start of any production process failure mode and effects analyses are to be carried out wherever useful and necessary (refer to VDA volume 4, part 3). If the product ordered is developed or designed by the supplier, they are obliged to follow corresponding design failure mode and effects analyses. |
| 7.4 | Where useful and applicable, machine and process capability analyses and statistical process control have to be applied (refer VDA volume 4, part 3). Specified characteristics have to reach a value of > 1.67, or appropriate actions (e.g. 100 % inspection) have to be implemented to guarantee an accurate delivery. Upon request the supplier has to present appropriate verifying documentation. |
| 8. | Initial sample (of mass production) |
| | If specified in the order documents and unless otherwise stipulated, initial sample test reports have to be established with new products or modifications according to VDA volume 2 PPF 3 submission level 3 or PPAP submission level 3.<br><br>Initial samples are products, which were manufactured with standard production means as well as under standard production conditions. The initial sample test report has to correspond to the VDA document “Quality assurance of deliveries to the automotive industry, supplier rating, initial sample submission”. The initial sample test report “ISTR” has to be submitted in accordance with a sufficient number of samples as agreed with the purchasing department.<br><br>The series supply can only be started with the written agreement by SCHWEIZER. |

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| 9. | Quality assurance during mass production |
| 9.1 | Procurement |
| | The supplier assures that the products obtained from his suppliers correspond to the quality specified. Initial sample approvals, incoming inspection records, supplier ratings and visits have to be documented in an appropriate manner. |
| 9.2 | Process capability |
| | Appropriate procedures shall be applied for quality control and timely introduction of corrective actions. Among others, SPC belongs to such methods. The test severity and test frequency have to be determined according to the process control. The process capability has to reach a value of $\geq$ 1.67 in accordance to the quality characteristics of the final product.<br><br>In case of non-conformance to the required process capabilities, appropriate actions like 100 % inspections have to be taken, to ensure the compliance of the required quality characteristics.<br><br>Systematic recording and evaluation of quality data and procedures (failure mode and effects analysis, control charts, records of process parameters, records of tooling life cycle, audit results) are to be used to implement corrective actions in order to obtain quality improvements. |
| 9.2.1 | Test equipment |
| | Using suitable test procedures, combined with an appropriate monitoring of test equipment, the supplier assures that the equipment used to control the product quality has sufficient accuracy. This means that the value % R&R must reach $\leq$ 30 % when estimating the combined repeat accuracy and the reproducibility (2-10 pieces, 2-3 testers, 2-3 repetitions). Test systems must be set at cpk $\geq$ 1.67. |
| 9.3 | Non-conforming products |
| | If the supplier detects deviations between the actual quality characteristics or a decline in quality, the must immediately inform SCHWEIZER ELETRONIC in writing and submit a proposal detailing corrective measures.<br><br>In the event of impending delays in delivery the supplier must inform SCHWEIZER as soon as possible, detailing the cause and expected duration of the delay. Notification does not prevent action against the supplier.<br><br>If non-conforming products have been delivered, SCHWEIZER has to be informed immediately in writing. Rework of non-conforming products is acceptable if the rework meets or exceeds the product quality of the standard product. Reworked batches have to be marked accordingly. |
| 9.4 | Information |
| | Changes within the agreed system or agreed process for quality assurance or of substances, manufacturing processes, production sites, vendor parts, specifications of material respectively product data sheets, security data sheets (in general maximum after 24 months) or other documents such as e.g. released quality certificates (COC respectively COA / test reports / certificates ) have to be immediately communicated to SCHWEIZER.<br>Such information must reach in a timely and complete manner (at least 9 months in advance) so that SCHWEIZER may be in a position test it for scope and to object prior to the introduction of such revisions.<br>Changes will only be deemed acceptable when SCHWEIZER has granted a written approval.<br>The detailed procedures have to be in line with the current PPAP. |

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| 9.5 | Marking |
| | The packing units have to be marked according to the order respectively in the supply specifications in order to guarantee traceability.<br>Furthermore, labelling / product stickers / labels on outer and inner packaging – have to identify those products / materials faultlessly and at any time which have been ordered by SCHWEIZER according to order documentation / possibly concurrently valid technical delivery and acceptance terms as well as data sheets respectively product specifications with accordingly valid revision status. |
| 9.6 | Certificate of conformance according to DIN EN 10204: 2005 |
| | If not otherwise agreed to in writing, a certificate of conformance according to DIN EN 10204: 2005, preferably based on Article Art 3.1 acceptance test certificate, or - for justified exceptions according to Article 2.2 – a factory certification has to accompany the goods. We presuppose that on delivery of the products the manufacturer's certificate of performance matches our order.<br>This refers particularly to the matching of quality certificates / certificate of conformance for order documentation / possibly concurrently valid technical delivery and acceptance terms as well as data sheets respectively product specifications with accordingly valid revision.<br>In the context of initial sampling to our customers based on PPAP respectively VDA the certificate of conformance has to be attached, depending on customer requirement, by us. Thus a certificate of conformance, if not otherwise agreed in writing, is not part of our incoming inspection.<br><br>Due to a high quality standards of our suppliers, SCHWEIZER only perform an incoming inspection by means of a plausibility check of the order compared to the delivery documentation (quantity, type ). Should – from the supplier's point of view - further tests be necessary, then those have to be advised in writing to SCHWEIZER, department Quality Management, Supplier Support / Supplier Quality Assurance.<br><br>SCHWEIZER reserves the right to bill lump-sum operating cost in case of a delay in submitting the certificate of conformance (either physically or electronically) at the latest by time of delivery. |
| 10. | Sub-contractors |
| | The supplier is fully responsible for all products supplied by sub-contractors. This means that he has to assure that the sub-contractor will also observe the quality assurance methods agreed upon. |

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| 11. | Claims/Control of non-conforming products |
| | Products with deviations to the purchasing documents may only be delivered with the previous written approval by SCHWEIZER quality department.<br><br>If products or services are not conforming to their specification, a complaint will be submitted by SCHWEIZER. The supplier shall reply with a written statement within 5 working days. When a 8D report is requested, the following timeline has to be applied unless otherwise agreed:<br>Items 1.0-3.1: within 24 hours<br>Item 4.0 within 3 working days<br>Item 5.0-8.0 within 5 working days.<br>The 8D report has to express a complete conclusive and all encompassing statement of fact.<br><br>If requested, the conformity of the product quality to the required specifications must be verified within 1 working day.<br><br>Procedures for the 8D process can be extracted from the Internet by following the appropriate links.<br><br>If there are claims, SCHWEIZER reserves the right to bill the incurred administrative processing costs with a lump-sum fee.<br><br>SCHWEIZER further reserves the right, to bill a lump-sum fee for our administrative efforts caused by delayed or incomplete 8D reports. |
| 12. | Supplier rating |
| | Each delivery is part of the supplier rating. Recorded data are evaluated and communicated to the supplier. Once a supplier has reached C-classification on two subsequent occasions, he will be eliminated of the “approved vendor list”. |
| 13. | Privacy |
| | All documents and knowledge the supplier receives due to the business relation with SCHWEIZER are to be kept secret from third parties.<br>The collection, processing and use of personal data shall be admissible only if permitted or prescribed by German “Federal data protection act” or comparable national law of supplier country. In case of doubt please refer to data protection official of SCHWEIZER via purchasing department.<br>The supplier is to take all necessary precautions. This obligation does not apply to commonly known or standard industrial information.<br><br>This agreement begins with the first inquiry and shall end 5 years after termination of the business relationship, at minimum according to legal requirements and common industry standards (refer also VDA volume 1). |

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| 14. | Quality records |
| | The supplier shall keep records of all quality assurance procedures, especially those relating to measured values and test results. These records as well as product samples shall be kept in an appropriate and accessible manner for at least for 5 years. Archive of important quality related documents should be in minimum 15 years after end of delivery according to the automotive industry requirements(refer also VDA volume 1) , in minimum according legal requirements. Archive deviation should be agreed by SCHWEIZER purchasing department.<br><br>On request, the supplier will provide SCHWEIZER copies of all relevant production information, quality records and product samples.<br><br>In reasonable circumstances, the purchaser may be denied access to, and inspection of, classified manufacturing methods and other industrial secrets.<br><br>Applicable document:<br>VDA volume 1 “Quality evidence – Guidelines for the Documentation and Archiving for Quality Records” |
| 15. | Right of object |
| | Changes or additions to this agreement are valid only in written form and when released by SCHWEIZER quality department. |