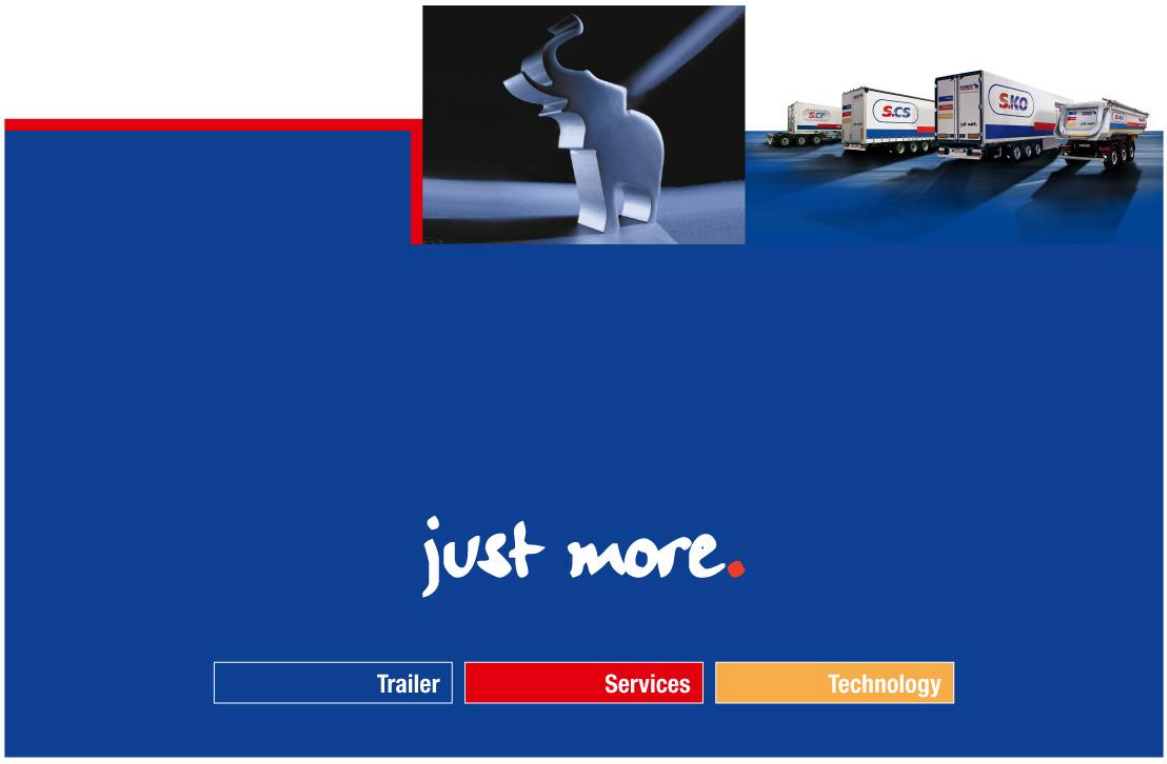
Revision	Date	Site	Reason for change / Comment
V0.0	01/07/2013	1-13	Creation of supplier manual
V0.1	24/02/2014	11	Change under 5th escalation stage
	24/07/2014	8	Change of responsibility under III 7
	13/11/2014	4	Adjustment of the wording under II
	13/11/2014	5	Addition under II, Obligations of sub-suppliers
V0.2	31.03.2017	2	Adjustment name IATF 16949
	31.03.2017	5	Adjustment special characteristics BM S,Z,F
	31.03.2017	11	Addition under 5. Escalation stages “with the supplier voted costs”
	31.03.2017	10	Adjustment supplier assessment LK_C, supplier assessment LK_D removed
	31.03.2017	A.	Shift the design FMEA supplier from stage 2 to stage 3.1 at the supplier manual roadmap
V0.3	30.04.2018	4	Adjustment of the wording under II
	30.04.2018	5	archiving periods for BM S & BM Z least 15 years
	30.04.2018	7	Adjustment of the wording under III 3.
	30.04.2018	7	Adjustment of the wording under III 6.
	30.04.2018	9	Addition under IV 2. Create table, MR from SCB and 8D from supplier
	30.04.2018	10	Adjustment of the wording under IV 3.
V0.4	01.05.2022	8	Addition for system suppliers
	01.05.2022	8	Adaption of VDA vol. 2, coordination of the PPF procedure
	01.05.2022	10	Adaption wording 2. Complaints management

Supplier manual



Preamble on quality strategy

In an increasingly global competitive environment Schmitz Cargobull is confronted on a daily basis with new challenges which can only be taken on with the aid of a network of rapidly-acting partners. Within this, each member of the network must be able to rely on all of the others.
As the market leader in Europe, Schmitz Cargobull will continue to assert its leadership role and as such, focus on further enhancing its quality levels, even under the continued cost pressure which dominates the market.
With this in mind, we aim to constantly exceed the quality demands of our customers and to continually raise the level of our quality performance through constant improvement.

You, as a supplier, are an integral and crucial element of the Schmitz Cargobull network and, thereby provide a vital contribution to the common implementation of these ambitious quality goals. For this reason we expect that you, as our supply partner, exceed our quality requirements and demonstrate a clear sense of commitment towards a constant, continued improvement in your quality performance.

We believe a certified QM system to IATF 16949 to be appropriate for this end.

Altenberge, May 2022

Signed Dr. Günter Schweizer
Board Member

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Road map for the supplier manual with explanations on III, IV & V

I. General

Introduction

The quality demands on suppliers to the Schmitz Cargobull Group (hereafter referred to as SCB) are listed in this manual. It describes the minimum demands on the management system and forms the base for the general technical and organisational conditions agreed between both contractual partners.

The requirements given in this supplier manual are supplementary to those in the General Purchase Terms and Conditions of SCB and come into force with the agreement of an establishment of business relations. The methods and procedures described here are based on the defined regulations of the VDA (German Automotive Industry Association) which are quoted as a reference. The valid versions of all documents listed should be taken as a basis for any reference quoted.

II. Demands on the management system

Suppliers undertake to show evidence of a quality management system with a certificate which meets the minimum demands of DIN EN ISO 9001. The aim of the supplier should be to align his QM system in accordance with IATF 16949 and to show evidence of this.

Needless to say, the formulated quality standards also apply to our long-established supply network. Should existing suppliers not have certified their management systems, SCB will hold discussions with these suppliers. The target is to achieve certification in a maximum of 24 months. To ensure the product quality, a potential analysis or a system audit according to VDA Volume 6 can be carried out. Depending on the result of the audit classification, A, B or C, appropriate conditions are imposed on the supplier.

Audit result	Conditions
"C"	"C" suppliers may not deliver to SCB without special measures being taken (e.g. 100% goods inwards inspection, individual acceptance, etc.). The supplier must reach at least "B" classification within 3 months. SCB provides support upon request.
"B"	Within 9 months the supplier must have developed his processes to such an extent that "A" classification is achieved.
"A"	Within the next 2 years the supplier must introduce a QM system which meets the minimum demands of DIN EN ISO 9001.

Evidence

Evidence must be shown of a 3rd-party certification in accordance with the above standards through a certificate; changes and updates must be presented to the Purchasing department without having to be requested.

Zero-fault target

The quality target of zero faults applies to all products supplied to SCB. This requires the supplier to design his advanced quality planning for a systematic avoidance of faults across the whole of the process chain.

Continuous improvement process

Constant improvement of all SCB products and processes must be an element of the supplier's quality strategy. Appropriate key figures and actions and their effectiveness must be presented to SCB when requested.

Obligations of sub-suppliers

The supplier undertakes to further qualify his sub-suppliers in such a way that adherence to the demands contained in this manual is also ensured at the sub-supplier. An obligation on the part of sub-suppliers to obtain an ISO 9001 certificate for sub-suppliers does not exist from SCB. SCB must be notified in good time concerning the assignment or switching of a sub-supplier and approval from SCB is required.

Exchange of documents and information

In the case of offer enquires by the SCB Strategic Purchasing department (hereafter referred to as SEK) the supplier is provided with all relevant documents including company central standards (WZN). The supplier must examine this information and inform SCB without delay of any demands which cannot be implemented, or which are missing, as well as of any problems which occur. The supplier undertakes to ensure that the products to be supplied always meet the status of those sampled and approved.

With the introduction of the supplier portal the supplier must independently ensure that he is always informed of the current status of the documentation.

Qualified personnel

The supplier must provide suitably qualified personnel for the quality-related tasks. He must also nominate a Quality Officer as a contact person for SCB products.

Special features

Special features are safety-, permissible- relevant or important functional dimensions which require greater vigilance. They are designated by SCB and the supplier in relation to the product or production process. Evidence of process capabilities for these features must be provided and suitable archiving periods determined. SCB identifies these features as:

1. BM **S:**	Safety requirement / Product safety	archiving: 15 years
2. BM **Z**:	Legal and official regulations relating to registration at the time of placing of the product on the market.	archiving: 15 years
3. BM **F**:	Request and function	archiving: 3 years

III. Selection and qualification process

Representation of procurement process

QM element	Documents	Responsibility
1. Self-assessment / references	• Online SCB questionnaire • QMS feedback form	Self-assessment to be completed by the supplier
2. Initial audit (potential analysis)	• SCB questionnaire based on VDA	To be carried out where required by SCB auditors at the supplier
3. Product realisation	• Feasibility analysis • APQP	To be carried out by supplier, including a risk analysis
4. FMEA	• Product FMEA • Process FMEA	To be carried by the supplier
5. Production control plan	• Production control plan • QM plan	To be carried by the supplier
6. Acceptance of production process	• SCB questionnaire based on VDA	To be carried out at the supplier immediately after the start of production
7. Production process & product release	• Initial sample inspection report (EMPB) to VDA Volume 2 • Initial sample parts	To be provided by the supplier before series production start
8. Process capability	• Based on VDA Volume 4	Evidence to be provided by the supplier for special features
9. Product audit	• VDA Volume 6 (Part 5) / supplier's audit system	Evidence of the effectiveness of the QM system

1. Self-assessment and references

The supplier has the possibility to enter his data online into the "Supplier self-assessment" form on the internet page www.cargobull.com. With the aid of the feedback form in the QM system the supplier demonstrates, in the form of a self-assessment, the degree of maturity of his QM system. This information forms the basis for further common activities in the procurement process.

2. Initial audit (potential analysis)

For new suppliers or suppliers without a certified QM system a potential analysis to VDA standards is carried out by SCB. The aim of this is to assess the capabilities of the supplier in relation to robust quality processes.

3. Product realisation

The supplier must employ a systematic quality planning process as an element of his project management system in response to quality-related demands from SCB. The quality planning must take place based on VDA Volume 4.

When submitting his offer to SCB the supplier must attach a feasibility analysis including risk assessment. He therein confirms that the requested product can be manufactured, packaged and delivered in accordance with the specifications and other agreements in a process-reliable manner, to the demanded quality and quantity.

4. FMEA

Suppliers which are assigned a product development task must carry out a product FMEA for their own designs. A process FMEA must be drawn up across the whole of the process chain, from goods inwards to goods despatch. The execution of the FMEAs must be made based on VDA Volume 4. Detailed actions must be planned, implemented and checked by the supplier for their effectiveness for all points in the FMEAs for which a high risk potential has been determined. Where desired, SCB must be granted an insight into the FMEA. If the changes on the supplied part have effects on the adjacent trailer components, an interface examination must be carried out together with SCB.

5. Production control plan

In the production control plan the supplier determines his planned processes, methods and aids for the SCB product. He plans and documents this for the product across the whole of the process chain. As a preventive measure, any possible potential for faults should be investigated in advance for all production sequences, for example through an appropriate risk analysis.

If special features have been determined for the product or the process by SCB or the supplier, these must be incorporated into the production control plan and must be specially marked. This also applies to quality-related features indicated in the FMEA.

6. Acceptance of production process

The supplier independently carries out a process audit to VDA Volume 6 Part 3 for his production process before the beginning of the initial sample submission to SCB.

A common acceptance and approval of the series production process is carried out for selected components by SCB at the supplier's place of production. The part and supplier risk assessment by SCB is a decisive factor. At the time of the acceptance the production process must be correspond to the series production process in all points, including the product-specific measuring equipment. For special and additionally agreed features evidence must be provided of a temporary process capability of P_{pk}>2.00.

7. Production process and product approval (PPF)

The production process and product approval takes particular account of the processes for the manufacturing and transportation of the products. An approval therefore includes the assessment of the processes and products based on the relevant documents and initial samples.

SCB requests the initial samples from the supplier together with the delivery date in the case of:

- New parts
- Technical changes.

On submitting the initial samples and the completed initial sample inspection report (EMPB) based on VDA Volume 2, the supplier demonstrates the evidence that his products have been manufactured and inspected using series production tools under series production conditions and that they meet the specification demanded by SCB. The samples must have been taken from a representative batch size. In addition, the samples must be marked in accordance with the inspection report in order to guarantee a clear relationship to the inspection results.

No parts may be delivered for series production without the written approval of the initial sample by the responsible Quality Assurance department of SCB.

The supplier is obliged to inform both the SCB Purchasing department and the responsible Quality Assurance department of all occurrences which are relevant to the sampling process. That applies in particular to:

- Product and production process changes
- Changes to equipment, technologies or materials
- Changes in sub-suppliers
- Movements in production location
- Changes to the packaging or logistics procedures
- Breaks in production of longer than 12 months

This information must be given in good time so that an assessment of the effects and an agreement on necessary actions can be undertaken before the implementation. The requirements of a new PPF (changes to samples) must be agreed with the responsible Quality Assurance department of SCB.

The minimum requirement is a cover sheet sample according to the specifications of the criteria "Agreement on the PPA procedure" according to the current VDA Volume 2.

For system suppliers (with their own development work) in the case of changes to the product/production process or new parts, a sample according to the criteria "Agreement to the PPF process" must also be presented to SCB without being asked.

Any additional costs caused by the non-adherence to sampling regulations, for example re-sampling, are borne by the supplier.

Appropriate transport containers must be used for the delivery of the samples. The marking of the initial samples both on the part, on the outside of the packaging and on the delivery note must be clear and permanent. The marking is made using tags, labels or similar. It is made up of at least the following data which are also part of the initial sample inspection report cover sheet:

- Supplier name and number

- Number of samples
- Material number
- Description
- Change status
- Recipient at SCB, storage location

8. Process capability

Process capability investigations are carried out to prove the quality capability of the processes. The supplier must ensure that all specified features can be produced in a process-capable manner. After the series production start the supplier must provide evidence of the long-term process capability for critical and additionally agreed features (C_{pk} > 1.33 unless otherwise determined). Evidence of this must be presented to SCB.

If these minimum demands are not achieved for a short period, a 100% inspection must be carried out until the capability has been re-established through appropriate corrective measures.

9. Product audit

The supplier is requested to plan and carry out product audits based on VDA Volume 6.5 in order to check the QM measures introduced by him in relation to the component. An objective must be defined by the supplier for this. The results of the audits must be evaluated against this specification. Where the specification is not achieved, fault analyses must be carried out and appropriate corrective measures introduced.

IV. Series production management

QM element	Documents	Responsibility
1. Supplier assessment	• SCB assessment tool eBSC	The supplier is continuously assessed by SCB
2. Claims management system	• Notice of complaint (MR) • 8D report	MR is to be drawn up by SCB and the 8D from the supplier
3. Change management	• Changes to samples	The supplier must reveal changes to the process / product
4. Re-qualification test	• VDA Volume 2 (similar to PPF reporting form)	To be carried out annually by the supplier
5. Escalation Q meetings	• SCB Escalation steps 1 to 3 (action plan)	Initiated by SCB for inadequate solution to a problem
6. Parts damaged in the field	• SCB warranty agreement	Agreement between the supplier and SCB

1. Supplier assessment

SCB generates the supplier assessment through the continuous recording of data relevant to the assessment (e.g. PPM, NDL and MR ratios) based on an electronic balanced scorecard (eBSC). The result of the assessment is communicated to the supplier at regular intervals by SCB. Where the degree of performance is not met or the assessment result is repeatedly poor, the supplier must submit to SCB a written statement on the process faults incurred by him with an analysis of the causes, corrective action and evidence of their effectiveness.

The result of the supplier assessment leads to an appropriate classification of the supplier at SCB.

Level*	Description	Action
LK_A	Preferred	Continuous improvement and cost reduction process
LK_B	Accepted	Improvement actions necessary at the supplier
LK_C	Limited acceptance	Immediate measures required at the supplier

*LK_A designated for example the supplier level_A

2. Claims management

The supplier must introduce a claims management system for SCB products. SCB informs him about a claim in writing, in the form of a notice of complaint (MR), and if necessary, asked to create an 8D report. The 8D problem resolution process must be used to deal with the problem. A completed 8D report must be submitted to SCB at the latest after 10 working days. Within 24 hours of reporting the problem the supplier must show evidence of a temporary corrective measure for ensuring fault-free subsequent deliveries to SCB. The effective implementation of the corrective measures must be documented and evidence submitted to SCB on request.

SCB retains the right to carry out an audit at the supplier where problems are caused by a supplier or where there is an unacceptable reaction time from the supplier. The resulting costs and the additional expenses related to the process of solving the problem at SCB will be invoiced to the supplier.

3. Change management

The supplier has established a change management process in his organisation. Through this he ensures control of documents and communication with customers for changes in the company, the process or for the product.

Changes caused by suppliers which affect the product quality must be documented in a product part history and communicated in good time and in advance to the SCB Purchasing department. SCB retains the right to carry out an inspection and, where necessary, to issue new approval in the form of a production process and product approval before implementation of the planned changes. The resulting costs at SCB must be borne by the supplier.

4. Re-qualification check

The supplier is obliged to check at appropriate intervals whether the products he supplies meet all agreed specifications from SCB. The results of the re-qualification check must be documented by the supplier and provided where requested by SCB.

5. Escalation stages

Typical escalation criteria can be, for instance, that the quality does not meet the agreed levels and requirements, unsatisfactory quality performance in terms of claims processing, poor correction of faults, repeated faults, failure to fulfil the agreed targets, insufficient reaction time, a lack of cooperation on the part of the supplier, an accumulation of faults, insufficient reliability of supply and a high risk or wide-reaching consequences for the SCB Group or the customer as a result of a quality defect.

When the above problems occur the following escalation stages are applied:

Escalation stage 1 Quality meeting	*Reason:* There are delays in the processing of reported problems or the efficiency of the measures taken is insufficient. An effective problem solution process is agreed in a joint quality meeting between the head of department of the lead SCB plant, other departments affected and the supplier in order to quickly achieve the target values and the required specifications once more.
Escalation stage 2 Top Q meeting & downgrading of the supplier	*Reason:* Measures agreed from stage 1 have not been adhered to or are not effective. The supplier is informed of the deviation from the target and classified with immediate effect as a "C" supplier. Simultaneously, the supplier's management is requested to present targeted measures for a sustainable improvement in quality to SCB within a period of 5 working days in a Top Q meeting between the supplier MD and the VP purchasing Manager.
Escalation stage 3 Supplier support / supplier change	*Reason:* Measures agreed from stage 2 have not been adhered to or are not effective. SCB generates additional actions at departmental level, e.g.: - Supplier support at the supplier's cost - Supplier change

In addition to this, and depending on the problem situation, the following actions may be requested or carried out by SCB:

- 100 per cent inspection of agreed features by the supplier
- Sending of evidence (e.g. inspection records, analysis reports) on the adherence to the requested specifications
- Process audits (based on VDA 6.3) which the supplier carries out independently
- Process audits (based on VDA 6.3) which SCB carries out at the supplier
- Measures for quality assurance which are carried out by SCB at the supplier
- Regular progress reports on the initiated measures and their effectiveness at the customer
- Setting up of a resident engineer assigned by SCB at the supplier

Depending on the results of the actions carried out, an escalation to the next higher escalation stage takes place. The escalation procedure can be stopped if the agreed measures are implemented in a timely manner.

All costs incurred by SCB with the escalation procedure and agreed with the supplier shall be borne by the Supplier.

6. Parts damaged in the field and warranty

The supplier must analyse without delay any parts provided to him from the field which are subject to a claim, determine the cause of the fault, agree on effective corrective and preventive measures with SCB and implement these. For this the 8D problem resolution process should be applied. Further details on the processing of warranties and the reimbursement of warranty costs are dealt with in a separate warranty agreement.

V. Additional demands

Requirement	Documents	Responsibility
1. Parts handling approval	• Acceptance protocol	To be carried out by supplier at SCB
2. Ability to trace back parts	• Marking of the components / products	To be ensured by the supplier, for example for a particular batch
3. Emergency plans	• VDA 6.1 / VDA 6.4	To be drawn up preemptively by the supplier
4. Special releases	• Special release	Obtain release from SCB before delivery
5. Quality assurance agreement	• QSV SCB	Agreed on an individual basis between the supplier and SCB

1. Parts handling approval

An assessment of the whole of the process chain (packaging, internal transport systems, logistics and fitting) must be carried out together with the supplier at SCB, if requested. This acts as a form of preventive fault cost avoidance and ensures that the product supplied is handled in a product-compliant manner throughout the whole of the internal fitting and handling process at SCB.

2. Ability to trace back parts

The supplier is obliged to ensure the traceability of the parts supplied by him. Through a clear marking of the products via e.g. date stamp, batch number or other suitable means the supplier ensures that, in the case of a fault with the product, all other similarly affected products from the suspected period can be immediately identified. The type and form of this marking and the manufacturer's marking must be agreed with SCB.

3. Emergency plans

In order ensure that the effect on delivery capability in the event of unforeseen circumstances (e.g. machine breakdown, tooling failure, IT system outage, power cuts, damage due to flooding, material shortages, etc.) remains as low as possible, emergency plans must be drawn up by the supplier. The emergency plans must be presented to SCB with initial samples where demanded and must be updated at regular intervals (at least once a year).

4. Special releases

Where there are deviations from the specification of the product or service or from the approved production process the supplier must apply for a special release from SCB before delivering the product. The special release must be obtained from SCB in a written form from the responsible Quality Assurance department using the specific application form. Any costs incurred as a result will be charged to the supplier.

5. Quality assurance agreement

In individual cases a product-specific quality assurance agreement may be arranged between SCB and the supplier in addition to the requirements contained in this manual.

VI. Appendix

Road map for the supplier manual with explanations on III, IV & V

Abbreviations

SCB	Schmitz Cargobull Group
FMEA	Failure Mode and Effects Analysis
QSV	Quality assurance agreement
VDA	German automotive industry association
QMS	Quality management system
APQP	Advanced Product Quality Planning
SEK	Strategic Purchasing
WZN	Company central standard
eBSC	Electronic balanced scorecard
PPM	Parts per million
NDL	Not a direct runner
MR	Notice of complaint
PPF	Production process and product approval
EMPB	Initial sample inspection report
LK_A	Class A supplier
MD	Managing Director
VP	Vice President
SC	special characteristic

Sources

VDA Volume 2	VDA Volume 3	VDA Volume 4	VDA Volume 6 Part 1
VDA Volume 6 Part 2	VDA Volume 6 Part 3	VDA Volume 6 Part 4	VDA Volume 6 Part 5