

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 1 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

# Supplier Manual

*C.H. Müller*

**C.H. Müller GmbH  
Gewerbering 1  
08468 Heinsdorfergrund**

**C.H. Müller Inc.  
130 Caliber Ridge Drive, Suite 134  
SC-29651 Greer USA**

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 2 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

## Contents

### **A) General information**

### **B) Business Ethics – Human Rights**

1. Human Rights
2. Child Labour
3. Fair Wages & Benefits
4. Working Hours
5. Forced or Compulsory Labour and Human Trafficking
6. Freedom of Association
7. Non-Discrimination
8. Integrity-No Corruption, Extortion, Bribery, Fraud and Embezzlement
9. Privacy and Data Protection

### **C) Purchasing**

1. Prices
2. Terms of payment
3. Other applicable agreements
4. Spare parts service
5. Data sheets
6. Emergency plan

### **D) Logistical requirements**

- 1.0 Delivery documents
  - 1.1 Delivery note
  - 1.2 Bill of lading / CMR
  - 1.3 Transport labels
- 2.0 Necessary system information
  - 2.1 Order and logistics information from the supplier
  - 2.2 General Ordering and Delivery Conditions
  - 2.3 Safety stocks

### **E) Supplier management**

- 1.0 Supplier selection
  - 1.1 Supplier assessment
  - 1.2 Supplier development
  - 1.3 Supplier support
  - 1.4 Continuous Improvement Process at the supplier's company
  - 1.5 Supplier's obligation to provide information

### **F) Quality management**

- 1.0 Product-specific technical delivery conditions

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 3 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

- 1.1 Tests
- 1.2 Incoming goods inspection by client
- 1.3 Faulty deliveries
- 1.4 Zero defect strategy
- 1.5 Requalification

## **G) Environment**

## **H) Confidentiality**

## **A) General information:**

As a supplier of the automotive industry and other important industries, e.g. medical sector, aircraft construction and mechanical engineering, C.H. Müller would like to enter into fair and collaborative partnerships with its suppliers.

In return, C.H. Müller expects from his suppliers that they meet and implement all customer specification requirements as well as all applicable legal and regulatory requirements in the supply chain.

Mutual trust and keeping promises are the first premises of a functioning partnership.

This Supplier Manual serves as a policy statement for the requirements of C.H. Müller in its dealings with its suppliers, and as a basis for our business relationships. Its content is equivalent to a Quality Assurance Agreement.

## **B) Business Ethics-Human Rights**

### **1. Human Rights**

C.H. Müller suppliers commits to safeguard the human rights of its employees and treat them with dignity and respect. This refers to all employees including part-time and migrant workers, student interns, temporary workers, full-time employees and any other form of manpower.

### **2. Child Labour and Young Workers**

C.H. Müller suppliers are prohibited from employing children in violation of the stipulations of the International Labour Organisation's Convention (ILO Convention n° 138, 182). The minimum age for employment shall be the country legal minimum age, or the age for completing compulsory education in that country, whichever is higher. In any case, suppliers will not employ children under the age of 16 and will comply with the provisions of the ILO regarding the health, safety and morality of young people aged between 15 and 18. As an example, but not limited to, suppliers should ensure

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 4 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

workers younger than 18 do not exceed the prescribed working hours within the countries it operates.

### **3. Fair Wages & Benefits**

C.H. Müller suppliers shall comply with all applicable laws and regulations, including those relating to minimum wages, overtime hours and legally mandated benefits. In places where no legal requirement exists for defining a minimum wage, ILO Convention n° 131 can serve as a basis for definition. Workers must be paid in a fairly and timely manner, and the basis on which workers are be paid must clearly conveyed.

### **4. Working hours**

Working hours (including overtime), as well as break times and periodic days off, shall be compliant with applicable laws & regulations, collective-bargaining agreements and international conventions. Overtime work should be voluntary and paid as such. Work or service outside normal daily working hours shall not be imposed by exploiting a worker's vulnerability under the menace of a penalty.

### **5. Forced or Compulsory Labour and Human Trafficking**

C.H. Müller suppliers must not, under any circumstances, resort to forced or compulsory labour. Forced or compulsory labour is any work or service which is forced upon any person under the menace of a penalty and which the person has not entered of his or her own free will.

Forced labour can include practices such as restricted people's movement; withholding wages or identity documents to forced them to stay on the job; or entangling them in fraudulent debt or wage deductions from which they cannot escape; or developing their dependency of in-kind payments, or deprivation of food, shelter or other necessities; applying compulsory overtime; or loss of social status; etc (see ILO Convention n° 29, 105).

Suppliers should ensure, that workers understand their rights with regard to payment of wages, overtime, retention of identity documents, etc. Migrant workers, workers who are part of a group that has suffered from longstanding discrimination, young people and unskilled or illiterate workers, and women among these groups, constitute populations which may not be aware of their legal rights.

Therefore suppliers will ensure, that they are treated fairly and their rights are respected. In the case workers are recruited by third parties, suppliers will pay particular attention, that these principles are properly applied.

### **6. Freedom of Association**

C.H. Müller suppliers must recognize and respect any rights of workers to exercise lawful rights of free association, including joining or not joining any association. Suppliers also must respect any legal right of workers to bargain collectively.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 5 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

Suppliers shall ensure, that representatives of such personnel are not the subject of discrimination and that such representatives have access to their members in the workplace as well as adequate working space in order to work effectively and without interference. Where the right to freedom of association and collective bargaining is restricted under law, suppliers should provide workers a parallel mechanism to make their views known to the management and take those into consideration.

## **7. Non-Discrimination**

C.H. Müller Suppliers must not discriminate against any worker based on race, colour, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, national origin, social origin or marital status in hiring and employment practices such as applications for employment, promotions, rewards, access to training, job assignments, wages, benefits, discipline, termination and retirement.

## **8. Integrity – No Corruption, Extortion, Bribery, Fraud and Embezzlement**

C.H. Müller suppliers shall prevent and fight all forms of corruption, extortion, bribery, fraud, embezzlement and improper advantage, and comply with all applicable laws pertaining to these issues.

Suppliers should not, directly, offer, promise, give, demand or accept any bribe or other undue advantage, to C.H. Müller employees, public officials or other private or public actors, with the intention to obtain or retain business or any other improper advantage.

Suppliers should develop and adopt adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery. These may include promoting employee awareness of the company policies against bribery and a system of financial and accounting procedures, reasonably designed to ensure the maintenance of fair, transparent and accurate books, records and accounts.

Procedures shall be put in place to monitor and implement these requirements in order to ensure adequate compliance with anti-corruption laws.

## **9. Privacy and Data Protection**

C.H. Müller suppliers are expected to put in place appropriate measures to respect privacy, to protect personal data against loss and unauthorized access or use, and to comply with relevant privacy and information security laws and regulations.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 6 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

## **C) Purchasing**

### **1. Prices:**

The quotation prices shall be fixed prices for an agreed period and shall be offered as FCA and DDP. In exceptional cases, EXW prices can also be set at the request of C.H. Müller.

### **2. Payment period:**

The condition for payment shall be the receipt of the goods delivered in accordance with the contract, including delivery documents and any necessary inspection certificates. The payment period shall begin with the receipt of the invoice and shall be agreed on an individual basis.

### **3. Other applicable agreements**

Other technical details, as well as the definition of the packaging that is included in the item price, are recorded in the “Technical Delivery Conditions”, the VDA Conditions and, if necessary, in the project specifications, which shall form part of a supply agreement.

All the legal and commercial details that are not described in the manual shall be agreed upon separately.

The supplier guarantees the suitability of the delivered product for the known application environment at C.H. Müller.

### **4. Spare parts supply**

As a supplier of the automotive industry, C.H. Müller, and thus also you as a sub-supplier of our company, is obliged to provide our customers with spare parts for a period of 15 years after the discontinuation of the serial delivery. The agreed prices shall retain their validity.

### **5. Data sheets**

If you supply C.H. Müller with products for which safety and/or technical data sheets exist, you shall automatically update these by e-mail, in the form of a PDF file, in the event of changes.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 7 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

## 6. Emergency plan

To safeguard the serial deliveries, the supplier undertakes to compile an emergency plan and coordinate this with C.H. Müller.

## D) Logistical requirements

The delivery conditions and logistical requirements describe all the essential criteria for delivery documents and order processing for the suppliers of C.H. Müller GmbH. These shall be observed in the event of pre-series and series production orders.

### 1.0 Delivery documents:

#### 1.1 Delivery note:

##### **Recipient:**

Address of the recipient plant

##### **Supplier, sender:**

Company name  
Address

##### **Delivery note number**

##### **Shipping data:**

Incoterms (latest version)  
Gross weight [kg]  
Net weight [kg]  
Type of packaging

##### **Additional data:**

Order number  
List of individual packages, indicating lot/batch and package number

##### **Contact:**

Name & telephone number

##### **Delivery text:**

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 8 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

C.H. Müller article number

Supplier material number

Item name

Quantity, including unit

Note: if the order is in running metres and the delivery in m<sup>2</sup>, both units must be indicated!

Transport containers, incl. number of transport containers

## 1.2 Bill of lading/CMR

No particular specification

## 1.3 Transport labels

Transport labels according to VDA 4902 Version 4 shall be visibly attached to each packing unit by the supplier.

Attachment of the transport labels:

Each package shall be labelled such that the transport label is clearly visible and can be scanned.

Pallets with packing units shall receive a collective VDA label; the individual packages shall be furnished with a transport label each.

In the case of rolled goods, the VDA goods tag shall be attached to the top of the roll.

## 2. Necessary system information:

### 2.1 Order and logistics information from the supplier:

The specification for purchasing and logistics is performed by the available offers, the technical data sheets, technical delivery conditions, packaging data sheets and sampling documents.

### 2.2 General Ordering and Delivery Conditions:

#### 2.2.1 FIFO

Compliance with first in – first out is a prerequisite.

#### 2.2.2 Goods receipt times:

Delivery/collection is only possible at the goods receipt times:



<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 9 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

**Werk 1 Reichenbach, Gewerbering 1, 08468 Heinsdorfergrund:**

- Delivery Mo. – Fr. 7:00 – 11:00 am and 12:00 – 2:00 pm
- Collection Mo. – Fr. 7:00 – 10:00 am and 11:00 – 8:00 pm

**Werk 2 Netschkau, Plauener Straße 23, 08491 Netschkau**

- Delivery Mo. – Fr. 7:00 – 10:00 am and 11:00 – 1:00 pm
- Collection Mo. – Fr. 7:00 – 10:00 am and 11:00 – 1:00 pm

**Werk 3 Reichenbach, Gewerbering 16, 08468 Heinsdorfergrund**

- Delivery Mo. – Fr. 6:00 – 10:00 am and 11:00 – 1:00 pm
- Collection Mo. – Fr. 6:00 – 10:00 am and 11:00 – 1:00 pm

**Werk 4 Mylau, Am Fernblick 17, 08499 Mylau**

- Delivery Mo. – Fr. 6:00 – 10:00 am and 11:00 – 1:00 pm
- Collection Mo. – Fr. 6:00 – 10:00 am and 11:00 – 1:00 pm

**Werk Greer, Caliber Ridge Drive, Suite 134, SC-29651 Greer USA**

- Delivery Mo. – Fr. 8:00 am – 4:00 pm
- Collection Mo. – Fr. 8:00 am– 4:00 pm

If a timeframe has been assigned for the goods receipt, this shall be strictly observed by your forwarding agent. Deviations from the timeframe have to be clarified with the responsible purchaser before delivery. The aim of C.H. Müller GmbH is a prompt unloading of the arriving vehicles, the unloading takes place in the order of registration, but if there are longer waiting times in case of rush hours no right of financial compensation exists.

**2.2.3 Confirmation of the delivery schedule or order release**

Orders shall be confirmed within 2 working days of their receipt. If no reply is received, the order shall be regarded as accepted in its present form.

If a delivery date cannot be observed, the material requirements planner at C.H. Müller shall be informed within 2 working days of the receipt of the order, and a new delivery date or new measures shall be agreed.

**2.2.4 Deviations from the delivery schedule release**

Concerning the delivery quantities C.H. Müller GmbH does only accept deviations of +/- 2 % based on the ordered quantity, concerning the adherence to delivery dates a tolerance window of +/- 2 working is accepted. For monitoring the quality of deliveries

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 10 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

a complaint rate is determined. It results from the consideration of the complaint costs in relation to the purchase volume in quantity and value. The target which is expected by C.H. Müller GmbH from his suppliers is <1.0.

### **2.2.5 Empty containers**

Empty containers shall be exchanged 1:1 upon delivery!

If the goods are delivered with reusable containers, the supplier shall coordinate the return transport with the responsible material requirements planner at C.H. Müller.

### **2.2.7 Price, delivery and payment conditions**

Are valid in accordance with orders (delivery schedule).

Changes and deviations shall be clarified with the Purchasing Department at C-H. Müller immediately.

### **2.2.8 Special trips**

In the event of special trips for which the costs shall be borne by C.H. Müller, the supplier shall inform the material requirements planner of the costs of this before the trip. C.H. Müller shall reserve the right to organise the special trip itself.

In the case of deliveries free domicile, the transport costs included in the product price shall be deducted.

Special trips may only be performed after the written confirmation of the material requirements planner at C.H. Müller.

### **2.2.9 Additional expenses**

Any deviation beyond the specified limits (underdelivery, overdelivery, late or early delivery) from the delivery schedule release or the order shall result in additional expenses, the treatment of which is regulated under E) Quality Management 1.3 Delivery of defective products.

### **2.3) Safety stocks:**

Each supplier undertakes to guarantee that C.H. Müller is supplied with the products.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 11 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

Production failures or faulty production must be protected against with an in-house safety stock.

## **E) Supplier management**

### **1.0 Supplier selection**

The supplier selection shall be done exclusively by OEM, or by the Sales, Development and Quality Assurance Divisions.

The required information on the suppliers shall be compiled through a supplier self-assessment or through supplier audits.

A defined supplier approval process in the company shall guarantee that we only include suppliers who support our high standards and, in turn, demand these high standards from their subsuppliers in the list of approved suppliers.

### **1.1 Supplier assessment**

The supplier assessment shall be conducted at regular intervals. It forms the basis for our further purchasing strategy. If necessary, the supplier shall be invited to supplier meetings in the event of grievances and the non-fulfilment of our requirements.

The assessment shall be conducted internally on a monthly basis and communicated to the supplier annually by e-mail. In the event of serious infringements and defects, the classification shall be communicated immediately.

The supplier assessment includes following criteria:

- ✓ compliance with the expected targets regarding adherence to delivery schedules, specified quantities and the complaint rate
- ✓ delivery quality/ logistics
- ✓ pricing
- ✓ environmental compatibility
- ✓ cooperation/ communication
- ✓ handling of complaints
- ✓ certification status

### **1.2 Supplier development**

One means of supplier development is supplier audits.

The supplier audits shall be conducted regularly. They shall be organised, planned and conducted by the Quality Management Officer in collaboration with Head of Purchasing and the Supplier Management.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 12 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

The supplier shall be informed about upcoming supplier audits in good time and must guarantee a smooth workflow.

In the case of results-oriented supplier audits which are to be conducted in the event of a lot of complaints in a short period, for example, we reserve the right to conduct these even without prior notice.

### **1.3 Supplier support**

On request and by agreement, we shall perform supporting activities with the supplier.

### **1.4 Continuous Improvement Process (CIP) at the supplier's company**

The supplier must ensure that all the processes connected to the production procedure are continuously analysed and optimised. The aim is, on the basis of the findings obtained from this, to initiate the consistent implementation of improvement measures and to monitor their effectiveness.

### **1.5 Supplier's obligation to provide information / process guidance**

The supplier must inform C.H. Müller of any change to the production process, any change of materials, any alteration of the production location and – if it is important for the quality of the product – of the engagement of new or different suppliers and sub-contractors in sufficient time before the implementation for the customer to be able to comment on the planned measure with respect to the quality-related factors. C.H. Müller may make its agreement to such measures dependant on the performance of an audit.

The supplier must keep and provide evidence of records of the implementation date of such process changes.

## **F) Quality management**

The benchmark for the quality of our products and services is the satisfaction of our customers.

As a customer-oriented company, we organise our quality management such that the needs of our customers are understood, recorded and satisfied beyond expectations. For this reason, it is necessary that we fully integrate our suppliers into our quality management.

We see ourselves as a link in the quality chain between our customers and suppliers are thus responsible for the consistency of the fulfilment of the quality requirements.

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 13 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

## **1.0 Product-specific technical delivery conditions**

The product-specific technical delivery conditions (TDC) include part-specific guidelines for the fulfilment of customer requirements which are not explicitly included in the present specifications, standards and drawings (e.g. inspection frequency, measuring and inspection equipment to be used; inspection parameters).

Depending on the project and the complexity of the article, these product-specific delivery conditions shall also be concluded with our suppliers and shall be regarded as an “agreement accompanying the procurement process”.

### **1.1 Inspections**

In addition to a regular incoming goods inspection, the supplier shall also conduct interim and final inspections on the basis of its QMS. Here, the values specified in the technical delivery conditions, if available, must be maintained, or the technical data sheets shall apply.

The supplier shall compile an inspection certificate, which shall confirm the compliance of the services to be provided with the requirements of the order and shall provide this to CHM free of charge if necessary.

The supplier undertakes to handle an initial sample inspection procedure in accordance with VDA 2.3 before the first delivery and, in the case of ongoing deliveries, to compile works inspection certificates and send them along with the goods, provided that this is expressly required by C.H. Müller. The information provided there shall be regarded as warranted characteristics, even for ongoing deliveries.

### **1.2 Incoming goods inspection by the client**

Immediately after receipt of the goods, C.H. Müller shall check whether the supplier’s deliveries correspond to the amount and type of goods ordered, and whether there are externally noticeable damages or defects.

If C.H. Müller discovers damage or a defect during the aforementioned inspections or subsequently, it shall notify the supplier immediately. C.H. Müller and the supplier shall agree on appropriate remedial measures.

### **1.3 Delivery of defective products**

If defective products are delivered, the supplier must provide a remedy immediately (replacement delivery, sorting or reworking).

If sorting or reworking activities are necessary, the supplier shall be informed immediately by C.H. Müller GmbH. The supplier must decide, immediately upon receiving this information, who is to perform the necessary activities (own employees, external service providers, CHM). If work is to be taken on by CHM or if external service providers are to be commissioned, this must be ordered in writing by the supplier. If the written order is not placed within the period specified by CHM, the necessary activities (sorting, reworking) shall be commissioned by CHM. The costs incurred here shall be charged, taking the question of fault into consideration.

<i>C. H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 14 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

Any complaints shall be encumbered with the costs incurred in the process. Complaints shall be reported to the supplier by means of an inspection report; this must be answered using an 8D report. The 1st statement must be made within 24 hours and the 8D report must be compiled within 2 weeks after opening the complaint.

If delays occur due to necessary further processing at sub-suppliers' premises or other reasons (outstanding, rejected parts for causal analysis), these must be reported on time with an interim report. In the event of the overrunning of the specified terms and the necessary warnings (warning fee) for e.g. outstanding statements, the total quantity that the complaint concerns shall be effectively included in the complaints index, irrespective of the investigation result or the defective parts actually affected.

#### **1.4 Zero-defect strategy**

Within the framework of the Quality Management System, the supplier is committed to the target of zero defects, i.e. the defect-free delivery of products and services. If necessary, CHM shall agree the permitted number of defects and the compensation for defects for the respective articles with the supplier.

The supplier is responsible for the identification and correct determination of the function-related and process-critical characteristics (if not specified) on the basis of the specifications and guidelines, as well as for the optimisation of the manufacturing processes and inspection methods.

The supplier must inform CHM immediately if defective or suspect products are detected.

#### **1.5 Requalification inspection**

In the course of an inspection of all the articles which must be repeated at least once a year, all the characteristics must be verified. The scope of the characteristics to be verified may only be restricted by agreement. The certificates must be provided to CHM free of charge on an annual basis.

## **G) Environment**

We expect our suppliers, disposal companies and all our other contractors to support us in the realisation of our environmentally friendly activities, from order acceptance to the final disposal.

We expect our suppliers to handle raw materials, products, packaging and waste materials properly and in an environmentally conscious manner.

We expect our suppliers to undertake to observe all the environment-related statutory provisions, and, in particular, to confirm their adherence to substance prohibitions (as

<i>C.H. Müller</i>	<b>Integrated Management – Manual</b>	Doc: A 04-01-04 Page 15 of 15 Revision: 01-22 Date: 05.01.22
	<b>Supplier Manual</b>	

listed in 2003/53/EC ELV Directive, for example) and their non-use of prohibited substances. Substance substitutions must be reported to C.H. Müller GmbH and approved, if applicable.

We expect the responsibilities and powers of all persons with tasks related to the environment in the collaboration with C.H. Müller GmbH to be documented and announced.

## H) Confidentiality

Each partner shall use all the documents and knowledge that it receives in connection with this agreement only for the purposes of this agreement and shall keep them confidential vis-à-vis third parties with the same care as its own corresponding documents and knowledge. The details are regulated in the relevant confidentiality agreement, document: FB 08-04, revision: 11-21 with date: 03.11.2021. This obligation shall apply for the first time from the receipt of the documents or acquisition of the knowledge and shall continue to apply for a further 36 months after the expiry of the agreement.

Noted:

Date\_\_\_\_\_ Signature\_\_\_\_\_ Stamp\_\_\_\_\_