

## Supplier Quality Guideline „Trading Goods `General Industry`“

### Introduction

The suppliers of Freudenberg Sealing Technologies and the companies associated with it (hereinafter: FST) are an integral part of our process chain. The requirements to the suppliers' quality management system resulting from this form the basis of cooperation between FST and their suppliers and specify the technical and organizational framework conditions and processes between FST and the supplier that are required to achieve the shared objectives. They are part of the quality policy and integrated into the overall strategy of FST. The compliance with customer expectations without reservation and consistent pursuing of a zero defect objective, connected to a defect-free delivery quality, are particularly observed here. They describe the minimum requirements to the suppliers' management system regarding quality assurance. Specific descriptions serve as explanations.

The respective valid version has been published at [www.fst.com](http://www.fst.com).

Senior Vice President Industrial Services Division	Vice President Global Strategic Sourcing	Vice President Corporate Quality Europe
		
Dr. Alexander Rozmán	Dr. Boris Jakobi	Ralph Schmidt

Originator: Freudenberg FST GmbH  
Global Strategic Sourcing  
69465 Weinheim  
Tel. 06201/ 80-0

No disclosure to third parties!

**FREUDENBERG FST GMBH**

Hoehnerweg 2-4,  
69469 Weinheim,  
Germany

Phone: +49 6201 80-0

[www.fst.com](http://www.fst.com)

Commercial Register:  
District Court of Mannheim  
HRB 736340

VAT Id no.: DE811879378

Managing Directors:  
Claus Möhlenkamp,  
Ludger Neuwinger-Heimes,  
Matthias Andres

Chairman of the  
Supervisory Board:  
Dr. Tilman Krauch

Deutsche Bank AG, Mannheim  
IBAN: DE45 6707 0010 0594 7155 00  
Swift Code / BIC: DEUTDESMXXX  
Account number: 594 71 55 00

## Revision Status

Revision	Date	Change Marker	Approved by	Function
00	17.08.2018	-	Rozmán, Jakobi, Schmidt	See page 1

## Confirmation

### Supplier Quality Guideline „Trading Goods `General Industry`“

We hereby confirm receipt and recognition of this Supplier Quality Guideline „Trading Goods `General Industry`“, applicable to all procurement scopes described for Freudenberg FST GmbH and its affiliated companies.

Company: \_\_\_\_\_  
(subsequently written as supplier)

Address: \_\_\_\_\_  
(company stamp)  
\_\_\_\_\_

Legally binding  
signature & date  
\_\_\_\_\_

Name & function \_\_\_\_\_

If applicable and agreed by mutual consent, comments and/or changes are enclosed in  
appendix as of: \_\_\_\_\_

Revision 00

**Please complete this confirmation completely and upload a signed version** (if applicable including annex) **to your supplier profile on the FST supplier portal at [www.fst.com](http://www.fst.com).**

The Supplier Quality Guideline „Trading Goods `General Industry`“ is issued in German and English. Translations to other languages only serve explanations and are not contractually binding. In doubt, the German version applies. This document shall remain the property of Freudenberg Sealing Technologies. The supplier shall have the right to draw up copies for his own use.

## Table of contents

1. Scope of validity .....	5
2. Objective.....	5
3. Quality policy and quality objectives.....	5
3.1 Supplier's quality management system .....	5
3.2 Quality management of the subsupplier.....	6
3.3 Audit (at supplier).....	6
3.4 Documentation, Information .....	6
4. APQP process, serial production, traceability and identification.....	7
4.1 Feasibility assessment .....	7
4.2 Tools, devices, spare parts .....	7
4.3 Traceability, Identification.....	7
5. Initial sampling .....	8
5.1 Requirements .....	8
5.2 Documentation of Initial sampling.....	9
5.3 Submission stage according to PPAP or ISIR .....	9
6. Incoming goods inspection at FST .....	9
7. Goods defects.....	9
8. Contractual agreements.....	10
8.1 Warranty and product liability .....	10
8.2 Patent rights or other industrial property rights.....	10
8.3 Secrecy.....	10
9. Observation of laws and provisions and REACH compliance.....	10
9.1 Declaration of conformity by law .....	10
9.2 Declaration of REACH conformity .....	11
10. Glossary (alphabetically) .....	12

## 1. Scope of validity

This agreement is valid beginning at date of signature for all existing and future services, materials, products which are delivered by the supplier after order, receipt from Freudenberg Sealing Technologies or its affiliated companies (hereinafter: FST) and accepted during the period of this agreement.

All services, materials, products are specified product related or generally in separate additional documentations or specifications, e.g. drawings, material specifications, delivery standards, etc..

## 2. Objective

This Quality Guideline for suppliers describes the essential quality requirements for all services and/or products that are rendered and/or delivered to FST.

The listed items do not limit the relevant rules, such as ISO 9001 and IATF 16949 last amended.

## 3. Quality policy and quality objectives

### 3.1 Supplier's quality management system

a) The supplier is obligated to maintain a certified quality management system, at least following ISO 9001 last amended, issued by an accredited laboratory.

The supplier will produce and check the goods following the rules of this quality management system. Additional requirements are described in the product related documentations and specifications. The supplier will always and immediately ensure that all requirements are compatible to his quality management system.

All updates and changes of the certification status have to be shown to FST immediately and unrequested.

b) The supplier is committed to the zero-defect objective and must continually improve his performance in this direction. He is obliged to continuous improvement (CIP).

The quality targets specified by FST (e.g. PPM) are deemed to be maximum values. Individual quality agreements can be made between FST and the supplier within these maximum values. This does not relieve the supplier from his obligation to reaching the zero defect target.

### **3.2 Quality management of the subsupplier**

The supplier shall commit his subsuppliers to compliance with the obligations assumed by him from this contract.

The supplier is fully responsible for securing the quality of subsuppliers. In selection of subsuppliers, the supplier must ensure the quality capacity of the subsuppliers by performing a quality audit, e.g. according to ISO 9001.

FST reserves the right to demand proof of a quality management system from subsuppliers.

Changing a subsupplier requires an official approval and has to be shown to FST in advance. In specific cases a production process and product approval (PPF in accordance to VDA 2) is required or even PPAP submission level is mandatory (see topic `Initial sampling`).

### **3.3 Audit (at supplier)**

FST shall have the right to determine during an audit whether the quality assurance measures of the supplier ensures the customer requirements. The audit can be performed as a system, process or product audit and must be agreed on in time before performance is planned. On demand, appropriate limitations of the supplier are agreed on in a contract to secure his operational secrets.

The supplier commits to auditing his subsupplier upon request by FST.

FST reserves the right to perform an audit at the subsupplier's site in coordination with the supplier.

### **3.4 Documentation, Information**

- a) The supplier produces, inspects and delivers according to the last valid documents. Documents from FST and its customers are to be treated as business secrets. Passing on of documents to third parties generally is not admissible. Passing on shall require the written consent of FST. The archiving period for documents with special features is 15 years after the end of serial production at FST. The supplier shall grant FST insight in such documents on request. Documents shall be destroyed at the end of the storage period so that they cannot be reconstructed anymore.
- b) The supplier must ensure throughout serial production that only such products are delivered to FST that fully comply with the specifications and other technical documents as well as the agreed function of the delivered products.
- c) Any change of production methods, materials, parts of the supplier for the products, relocation of production sites, changes of procedures or facilities to inspect the products or other quality assurance measures must be reported to FST for review in time before performance and approved by FST.

- d) Only subsuppliers approved or nominated by FST can be used for purchasing customer-specific raw materials and contracted services.

## **4. APQP process, serial production, traceability and identification**

### **4.1 Feasibility assessment**

Technical documentation (e.g. drawings, specifications, environmental requirements, regulations for recycling, functional requirements,...) must be analyzed by the supplier in the context of contract review.

This analysis includes the feasibility study of the planned product, as well as economical and process related feasibility investigation (process, material, tolerances, parts and characteristics with special verification requirements).

This assessment offers to the supplier the possibility to bring in his own experiences and proposals which are beneficial for both parties. The feasibility assessment has to be a written document and needs to be provided to FST purchasing together with the product quotation. The feasibility assessment is a relevant requirement before commissioning an order.

### **4.2 Tools, devices, spare parts**

If a new tool, measurement or other device is required or has to be reworked, the supplier has to ensure on schedule the supply to FST the products in accordance to the specifications. Tools and production devices must be kept in the condition of a specifications-compliant product manufacture with a proper maintenance plan. Where FST provides production equipment to the supplier, it must be included in the supplier's production equipment monitoring or maintenance.

After serial delivery the supplier commits to continuous supply to FST the ordered products as spare parts for the customers of FST. Unless specified differently by FST, this delivery obligation shall continue for a period of 10 calendar years from FST's information on discontinuation of serial production. The supplier shall be obliged to maintain all tools, devices and other equipment required for defect-free production of the product in a condition to warrant restart of production un short notice for FST for the period of 10 years without charging any additional fees for this. Spare parts and replacement products must be produced with genuine tools.

### **4.3 Traceability, Identification**

a) Traceability of the delivered products throughout the process chain, including input material, must be ensured without gaps by the supplier in the scope of underlying cause analysis, specifically to limit damaged or defective stock in circulation and transport. In case of complaint from FST side an immediate 100% inspection or sorting inspection of these stocks must be performed by the supplier.

b) Labels for over and individual/ single packaging have to be marked with VDA labeling 4902, version 2 or KLT label in case of small packaging.

Suppliers not using VDA labels the following minimum requirements have to be fulfilled in case of over and single packaging:

- Customer item no.
- Customer revision status
- Item description
- Supplier name
- Material number of supplier
- Either production, shipping or expiring date (selected date must clearly be shown)
- Batch no.

Alternative material must be clearly marked.

The production status and inspection decision must be shown at all production batches and partial production batches. Different batches must be separated; delivery sorted by batch is mandatory.

**Separate logistic agreements have to be met.**

## **5. Initial sampling**

### **5.1 Requirements**

Initial sampling for approval of serial production must be performed under serial conditions based on the last drawing and/ or specification valid and approved by FST.

Initial samples must be produced completely with serial operating equipment under serial conditions. Initial sampling is required in the following cases:

- New product
- Repeated sampling (due to deviations)
- Changes to the product design
- Changes to material/contents
- Changes to the production process
- Use of new tools and tool parts
- Use of new subsuppliers/contracted processors
- Relocation of the production sites
- Interruption of production by more than one year
- After delivery stop due to massive quality problems



## **5.2 Documentation of Initial sampling**

For initial sampling following PPAP Submission requirements (Production Part Approval Process) the rules and guidelines of PPAP reference book, current version, are valid. For initial sampling following ISIR (Initial Sample Inspection Report) the requirements of VDA level 2, current version, are valid.

The sampling results of all characteristics have to be described in an initial sample report. The quantity of controlled parts has to be agreed between supplier and FST. The initial samples including initial sample report and related documentation according to submission level have to be delivered/ provided to FST at the agreed delivery date. The initial samples have to be marked as such. For identification of all marked characteristics continuous numbers have to be used and shown in the documentation, as well as on the latest drawing.

FST is checking and releasing the product in advance to serial production in an appropriate way and is providing the approval to the supplier, if necessary considering missing obligations.

The machine capability index and/or the process capability index for agreed characteristics must be indicated for the production process and product release.

## **5.3 Submission stage according to PPAP or ISIR**

If nothing else is agreed, the supplier must perform initial sampling according to PPAP submission level 3 or ISIR submission level 2. The supplier performs its own internal release independently of the submission stage and documents the results for all requirements. FST reserves the right to request the sampling documents of the supplier on demand.

## **6. Incoming goods inspection at FST**

The incoming goods inspection at FST is limited to checking of identity and quantity of the ordered products following the data of shipping note, as well as checking of obvious transport and packaging damages occurred during logistics. In this respect, the supplier waives the fault of the delayed complaint (§ 377 HGB).

## **7. Goods defects**

FST informs the supplier if a product fault (hidden defect) is detected by FST or one of its customer.

Reworking, sorting, delivery shortage/ stoppage or production stoppage at end customers caused by defect parts have to be shown to the supplier.

In all cases the supplier is responsible for replacement deliveries free of charge and/ or is sorting or reworking the defect goods. All shipping costs have to be borne by the supplier.

If reworking at the supplier is not possible or limited (e.g. due to missing technical equipment, timing or capacity issues), after clarification between supplier and FST, FST is permitted to do reworking on its own to ensure delivery to the end customer not to cause any line stoppage. In this case all costs have to be borne by the supplier.

## **8. Contractual agreements**

### **8.1 Warranty and product liability**

The rules on warranty and product liability are indicated in the purchasing conditions. Warranty agreements exceeding the purchasing conditions can be agreed on additionally.

The supplier ensures that his products comply with the quality requirements listed in the product specifications without limitation. It shall warrant this at least for the term of the statutory period of the receiving country. This period cannot be reduced by contractual agreements.

In the context of risk management the supplier is obligated to take out an appropriate product liability insurance.

### **8.2 Patent rights or other industrial property rights**

If any co-development of the supplier leads to any invention that can be protected by patent or property right, FST must be informed without delay and before the corresponding application and allowed to participate in the invention that can be protected under patent or property rights upon coordination. If required, a separate development agreement is entered into between the contracting partners.

### **8.3 Secrecy**

The contracting parties commit to treating all internal information confidential. If required, a separate non-disclosure agreement between the contracting partners has to be signed.

## **9. Observation of laws and provisions and REACH compliance**

### **9.1 Declaration of conformity by law**

The supplier represents that he observes all applicable laws and provisions in the production of goods and rendering of services, including, but not limited to the areas of machinery safety, chemicals and hazardous substance law, environmental protection and work protection.

The supplier shall specifically observe prohibitions in the production, processing and use of certain substances, such as:

- **ROHS** ([EG-Richtlinie](#) 2002/95/EG: „Restriction of the use of certain hazardous substances in electrical and electronic equipment“), as well as the respective current implementation into national law;
- **ELV** (directive 2000/53/EC "Old car directive“), as well as the respective current implementation in national law.

The supplier recognizes that any violations of applicable laws and provisions, specifically regarding substance prohibitions and restrictions, will cause a deficit in the goods delivered or services rendered. The supplier shall release FST from all third-party claims, expenses, costs and damage arising in the scope of such violation by the supplier.

## **9.2 Declaration of REACH conformity**

The supplier recognizes that FST as a producer is a "Downstream User" in the sense of REACH and warrants that all REACH provisions that REACH expressly imposes on the supplier or conducts required regarding REACH for FST to process, sell or distribute the corresponding products in the EU are complied with. This shall specifically include: (a) Advance registration, registration or approval of chemical substances or preparations at the scope required by the law, (b) implementation of internal organizational measures that document REACH conformity, (c) ensuring that any use of chemical substances or preparations in products (including packaging material) that FST or a customer of FST has indicated/reported to the supplier are covered by the respective (advance) registration or approval, (d) report at once if a substance or preparation that was registered in advance should not or cannot be finally registered within the corresponding transfer period and (e) not selling any products of any kind that contain prohibited substances of very high concern (SVHC) ((a) to (e) together: "Warranties").

The supplier also accepts that violations against the above warranties will cause a defect of the substance, preparation or other product. The supplier shall release FST from any claims, expenses, costs and damage caused by the supplier due to violation of the above warranties and support FST in enforcing them at its own expense.

**Other contractual agreements are unaffected by this contract!**

## 10. Glossary (alphabetically)

EMPB	Initial sampling test report
FST	Freudenberg Sealing Technologies
IMDS	International Material Data System
KLT = SLE	Small loading equipment
CIP	Continuous improvement process
PPAP	Production Part Approval Process
ISIR	Initial Sample Inspection Report
PPM	Parts Per Million