# Quality Management Guideline for Suppliers to the Company

# MÜPRO Services GmbH

# Table of Contents

# 1. General Information

We use the satisfaction of our customers as a benchmark for the quality of our products and services. As a customer-oriented company, our quality management activities focus on ensuring that we understand and factor in the needs and requirements of our customers and fulfil them beyond their expectations. In order to do so, we need to also involve our suppliers in our quality management system. We consider our company to be a link in the quality chain between our customers and suppliers and are therefore responsible for ensuring that quality requirements are constantly met from the start right through to the finish. In order to ensure the high quality standards of MÜPRO products, this Quality Management Guideline stipulates the general foundations and framework conditions required for successful cooperation when working together to achieve high levels of quality and regulates the common approach and the measures used by both partners to achieve the required quality standards.

A quality assurance agreement may be added to this guideline depending on the purchase volume of the supplier in question.

# 2. QM System

MÜPRO suppliers are required to implement, use and maintain a quality management system in accordance with the current version of one of the following standards:

- DIN EN IS0 9001
- German Association of the Automotive Industry (VDA) volume 6, part 1
- ISO/TS 16949

Suppliers must also reach corresponding agreements with their sub-suppliers in order to ensure that they also implement and use quality management systems.

Suppliers must strive to achieve certification by an accredited certifier or alternatively to provide evidence of the functional capability and performance of the quality management system in use at their company. For this, suppliers must grant MÜPRO the right to audit their company and their sub-suppliers, for example by means of a system, process or product audit.

Furthermore, suppliers must additionally strive to establish management systems for occupational health and safety, environmental management and risk management and to use these to form an integrated management system together with their quality management system.

# 3. Self-Audit / Self-Disclosure

At the start of a business relationship with MÜPRO, suppliers must provide MÜPRO with information on relevant issues concerning their company that can be used to evaluate their performance with regard to the requirements stipulated by MÜPRO.

MÜPRO will provide suppliers with a self-disclosure form for this purpose. Suppliers must fill out this form, providing answers on topics such as corporate figures, quality management, environmental management, (occupational) health and safety and logistics. The completed document must then be signed and returned to MÜPRO's Purchasing department, where it will be evaluated and used as part of the decision-making basis for the awarding of contracts.

## 4. Product and Process-Specific Requirements

Suppliers must obtain and read information on relevant requirements, standards and guidelines relating to the product that they supply and must commit to complying with these requirements, standards and guidelines. They must also be aware of any amendments made and implement these immediately. Examples of such relevant requirements and standards are the Regulation (EC) No. 1907/2006 (REACH), the provision of material safety data sheets, DIN 933 (standard for hexagon-head bolts) and DIN 6930 Part 2 (standard for stamped parts made of steel – general tolerances).

## 5. Initial Sampling

New parts or changes made to products must be presented to MÜPRO by suppliers before the first delivery. When presenting new parts or amended products, suppliers must send MÜPRO a fully completed initial sample test report. In this initial sample test report, suppliers must provide evidence of compliance with all product requirements (see drawings, relevant standards, etc.). The characteristics that need to be checked must be clearly marked and numbered on the product drawing. Suitable test equipment and measurement methods must be used when testing. Furthermore, the initial sample test must ensure that the required product functions are guaranteed. Material tests and/or material certification must be carried out by suppliers (or an official testing institute). Incorrect actual values must be marked in the initial sample test report. All tests and certificates documented in the initial sample report must be carried out on initial samples. An initial sample is a product that was manufactured under series production conditions (series production tools, operating resources and cycle time). Initial samples should ideally be taken from one-day production (0-series). Tests carried out on prototypes or other samples are not informative and will not be accepted. Supporting documents (test protocols/reports) must be submitted with the report as attachments.

The initial sample test report must at least contain the following documents/information:

- Initial sample test report / cover sheet
- Approved drawing / specification
- Results of the dimensional test
- Results of the material test
- Results of functional tests
- Samples (the number of samples must be coordinated with MÜPRO in advance)

Depending on the product requirements, the following documents and information may also be required:

- Test planning and test specifications during production
- Measuring capability of the measuring equipment used
- Results of the 0-series (capacity, etc.)
- Process capability values
- Approved packaging definition with MÜPRO
- Releases of initial materials (factory certificates, purchased parts, etc.)
- FMEAs (process FMEA and, where applicable, design FMEA)

MÜPRO will provide the template required for the initial sample test report. Generally recognised formats (PPAP, VDA, etc.) are also permitted. Suppliers will be notified of the results in writing after an evaluation has been carried out. In the case of release, suppliers are authorised to supply MÜPRO with the product in question. Products and/or product

amendments that are not approved are only permitted to be supplied with a corresponding special release (c.f. "Special Releases).

The initial sample and the first delivery must be clearly marked. Initial samples must be marked with yellow tape containing the text *"Erstmuster"* (initial sample) or another yellow marking containing the text *"Erstmuster" (initial sample)*.

The first series production delivery (or new parts or amendments) must be marked in blue, either with a blue adhesive dot (with a diameter of at least 50mm) positioned close to the accompanying documents/label on the package or alternatively with a blue sign (DIN A4 size) on the package. This marking must be clearly visible from all angles. Suppliers can alternatively choose to provide a corresponding comment (e.g. *"Erstlieferung"* (first delivery)) on the delivery note.

# 6. Releases

## 6.1 Initial Sample Releases

See "Initial Sampling"

## 6.2 Special Releases

If a product or service deviates from the required specifications and/or the initial sample has not been released, the product or service is only permitted to be delivered to or performed for MÜPRO when granted a special release. The application for a special release must be submitted to MÜPRO. A template will be provided to suppliers on request. This application must be submitted to the Purchasing department. Suppliers will be informed of the decision made by MÜPRO in writing. They are only permitted to make their deliveries if they have received an authorised special release. These deliveries must be marked in "red" as described below, namely either with a red adhesive dot (with a diameter of at least 50mm) positioned close to the accompanying documents/label on the package or alternatively with a red sign (DIN A4 size) on the package itself. This marking must be clearly visible from all angles. A copy of the special release must be sent with the delivery.

Only by following these instructions can suppliers ensure that there is no negative impact on their supplier evaluation.

# 7. Storage of Quality Records

Unless otherwise agreed with MÜPRO, quality records (test reports, test protocols from tests conduction during production, etc.) must be stored in accordance with the statutory guidelines. MÜPRO must be provided with access to these records on demand. Quality records for MÜPRO products are confidential and must be treated as such. Quality records for initial materials (factory test certificates etc.) must also be stored and made available to MÜPRO on demand.

# 8. Processing Complaints

Complaints occur as a result of errors in the management system. In the case of a complaint, the problem will be allocated a type of error. The types of errors can be summarised in three categories:

- Error (technical product error, packaging error, delivery of incorrect products)
- Quantity variance
- Schedule variance

MÜPRO reserves the right to charge suppliers the costs incurred for the internal processing of complaints.

## 8.1 Processing in the Case of a Complaint in the "Error" Category

In the case of a complaint, MÜPRO will inform suppliers about the occurrence of the error in writing. The complaint contains details of the items affected by the error, the quantity affected and the symptoms of the error. If MÜPRO has any of the items concerned in its inventory, suppliers must examine and/or replace these items.

Suppliers are expected to provide an initial statement within 24 hours after being sent the complaint. In this statement, suppliers should provide information on all immediate measures that have been taken to ensure that MÜPRO can be supplied with the parts in question. These immediate measures must be documented in the 8D report (point D3), which will be sent to suppliers as a template together with the complaint. Points D1 (team incl. contact details) and D2 (problem description) must also be completed.

When processing complaints, suppliers must analyse the primary cause that led to the error in question. Appropriate methods (e.g. the 5 Why method) are recommended for the analysis of the primary cause. The results of the analysis should be comprehensible and must be presented to MÜPRO on request. The results must be documented in point D4 in the 8D report.

Suppliers must define remedial actions based on the analysis of the primary cause and must implement measures selected from these actions. The remedial actions and measures must be documented in points D5 and D6 in the 8D report. The analysis, definition and introduction of corrective measures must take place within 10 working days after suppliers are made aware of the complaint in question. Compliance with this deadline depends on the sending of the 8D report completed up to point D6.

Suppliers must then analyse their management system and check how the cause of the error came about. This information must be used as a basis for the definition of preventive measures and changes to the management system, which should also be documented in the 8D report.

The complaint will be closed once the 8D report has been approved by MÜPRO. Any costs incurred from the complaints will be combined and charged to suppliers.

### 8.2 Processing in the Case of a Complaint in the "Quantity Variance" Category

In the case of a complaint, MÜPRO will inform suppliers about the occurrence of the quantity variance. The complaint contains details of the items and incorrect quantities concerned. Corrective measures must then be defined and implemented in consultation with MÜPRO. Suppliers must also explain how the variance came about and how the corrective measures will eliminate the cause.

The reaction times are the same as those specified for the "error" category.

### 8.3 Processing in the Case of a Complaint in the "Schedule Variance" Category

In the case of schedule variances, suppliers are required to perform the deliveries immediately. Suppliers must define measures that can be used to minimise the economic damage caused by schedule variances in consultation with MÜPRO. Suppliers must bear any additional costs required for the measures (e.g. due to direct deliveries to the customer).

## 9. Supplier Evaluation

The supplier evaluation is carried out on a regular basis, at least once a year, for suppliers with a purchase volume of ≥ €15,000. The following criteria are evaluated in consideration of all goods received:

### 9.1 Complaints

Evaluation of faulty parts in relation to the parts supplied on an item level

## 9.2 Adherence to Schedules and Delivery Dates

Evaluation of the deviation of the actual delivery date from the agreed and/or confirmed delivery date

### 9.3 Delivery Reliability

Evaluation of the supplied quantity compared to the ordered quantity

### 9.4 Service

The service criterion considers factors such as the existence of certificates, availability, technical competence when solving application problems and competitiveness in terms of prices. The service criterion is only evaluated in the case of suppliers with a purchase volume of ≥ €50,000.

The three or four criteria are evaluated and awarded points values of 1 or 100, which are then equally weighted and averaged to provide the overall result. Suppliers are then classified in one of the following categories depending on the points value achieved:

**A-supplier (preferred supplier)**
Suppliers require a score of at least 90 points in the supplier evaluation in order to be awarded the status of A-supplier. A-suppliers are given priority by the Purchasing department when it comes to enquiries for new products. They are also given a preferential role when it comes to being involved in the development of new products.

**B-supplier (accepted supplier)**
Suppliers require a score of at least 70 points in the supplier evaluation in order to be awarded the status of B-supplier. The aim is to use suitable measures to develop B-suppliers into A-suppliers. If a supplier is given B status, they must respond by sending MÜPRO's Purchasing department an action plan specifying how they will further develop in order to become an A-supplier.

**C-supplier (limited supplier)**
Suppliers that achieve less than 70 points in the supplier evaluation are awarded the status of C-supplier. Suppliers with C-supplier status are only considered to a limited extent in the case of enquiries and are excluded from development enquiries. If a supplier is given C status, they must respond by defining an action plan for improving their status and present this to MÜPRO in person. An improvement to become a B or A-supplier is essential in order to avoid being removed from the supplier base.

Suppliers will be informed of the result in writing. Suppliers must perform the defined measures in order to achieve their goal of further development. This procedure is required in order to facilitate strategic cooperation and establish long-standing business relationships.

## 10. Continuous Improvement

Suppliers undertake to continuously improve their work. They must monitor their products and processes and check their improvement potential on a regular basis. The aim of these measures is to achieve the continuous further development of products and processes in order to ensure the competitiveness of suppliers and maintain their outstanding product and process quality.

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