



WKW.automotive Logistics Guide for Suppliers

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Applicable for:

Walter Klein GmbH & Co. KG, Wuppertal and Bad Laasphe

WKW Aktiengesellschaft, Velbert

Erbslöh Aluminium GmbH, Velbert and Hemer

WKW Roof Rail GmbH, Velbert

WKW Engineering GmbH, Wuppertal

WKW AnodiCoat GmbH & Co. KG, Sprockhövel

Getek GmbH, Velbert

WKW North America, LLC.

Erbsloeh Aluminium Solutions, Inc.

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Table of Contents

0.	FOREWORD	3
1.	COMMUNICATION	3
2.	TRANSPORT AND DELIVERY PROCESSES	6
3.	PACKAGING REQUIREMENTS	8
4.	SPECIAL ACTIONS	9
5.	LOGISTICS QUALITY	10

Note:

The Logistics Guide for Suppliers is subject to the revision service. The current version is available at www.wkw.de (in the download area).

0. Foreword

The Logistics Guide for Suppliers offers support in the design and optimization of the supply chain. The following requirements for our suppliers are basic prerequisites for a long-term mutual cooperation.

The Logistics Guide for Suppliers is therefore also an integral part of each contract and, in its entirety, the subject of the contractual relations between the WKW Group and the Suppliers.

If our customers have general conditions, obligations or requirements that differ from, or are not included in, the contents of the Logistics Guide for Suppliers, they will be separately agreed with the Supplier.

1. Communication

All information exchanged between the Supplier and the WKW Group (in writing or verbally) shall be treated as confidential and must not be disclosed to a third party.

Reachability

The defined contact persons must be reachable at any time on working days during normal business hours. For emergency cases, it must be ensured that a competent contact person can be reached at any time for emergency cases (e.g. by mobile phone number).

Deputisation Rule

Deputisation arrangements must be in place for all contact persons.

Response Time

A short response time within a scope matching the specific situation is expected.

Enquiries, particularly those concerning delivery date and quantity enquiries should be answered on the same day.

An answer within a few hours is necessary in the case of escalation enquiries (potential supply bottleneck).

Language

The contact persons and their deputies should have a command of the respective national language of our factories, or at least English.



Information Behavior

The Supplier shall immediately communicate delivery deviations of any type to the appropriate contact person.

Every anticipated supply bottleneck that can cause delivery or quantity impacts must be notified immediately (not later than the following working day) to the responsible scheduler.

If the notification of a new delivery call-off or order schedule notifies an immediate requirement, which can also represent a scheduled outstanding quantity, the Supplier shall immediately (not later than the following working day) agree on the delivery quantity and date with the appropriate contact person.

If this does not happen, it can be assumed that the immediate requirement can be fulfilled by the Supplier and will be shipped during the following working days.

Objections can only be made within 5 working days of receipt of the delivery call-off or order, in writing to the responsible scheduler. The delivery call-off or order is deemed accepted after this period.

Supplier's Declaration

- 1.) The Supplier is obliged to submit, on request, a written declaration (Supplier's Declaration) on the customs-related origin of the supply items.
- 2.) A change in the origin properties of supply items, for which the Supplier has submitted a long-term Supplier's Declaration, must be notified immediately without request.
- 3.) The Supplier is liable for all disadvantages incurred by WKW Group due to an improper, incorrect or late-submitted Supplier's Declaration. If necessary, the Supplier must prove his information on the origin of the goods by means of an information sheet confirmed by a customs office.

Company Holiday Closure

The Supplier must ensure deliveries in accordance with the delivery call-off schedule/order during company holiday closure.

Credit Note Procedure

The credit note procedure is the standard payment procedure for the Velbert location. A separate agreement on such will be concluded with the Supplier.



Requirement Notification

The Supplier shall be notified of the requirements by means of

(a) Delivery call-offs on the basis of progress numbers

The delivery call-offs contain data that specify the delivery date, quantity and delivery/approval status.

Delivery call-offs are to be regarded as being binding, day-exact delivery rules, and in the medium-term and long-term as week-exact /month-exact requirement forecasts.

(b) Orders on the basis of fixed quantities and delivery dates

Only written orders / delivery call-offs (sent by fax, EDI, Web EDI (Velbert location), E-mail, mail) are to be regarded as being legally binding.

Delivery call-offs will be notified on a rolling basis. They will be regularly updated and generally have a horizon of 6 months. The last delivery call-off is binding and replaces earlier delivery call-offs.

The dates shown in delivery call-offs /orders are the receiving dates at the WKW Group.

Acceptance Obligation for Delivery Call-offs

Acceptance obligations on the part of the WKW Group (production/material approval) will be notified with the delivery call-off or separately agreed.

In the production approval period, the WKW Group bindingly guarantees the Supplier that the entire material/manufacturing cost, up to the level of the already incurred cost for the scheduled quantity will be taken over, even if the scheduled quantity is cancelled.

In the material approval period, the WKW Group bindingly guarantees the Supplier that the material cost, up to the level of the already incurred cost for the scheduled quantity will be taken over, even if the scheduled quantity is cancelled.

The acceptance obligation does not mean that the Supplier may make a delivery without obtaining approval in the case of a cancellation or shifting of scheduled quantities.

In the case of an acceptance obligation, the Supplier must notify the quantities to be accepted and state the related delivery call-off (date and number)

Data Medium

EDI (Electronic Data Interchange) is the current standard and is already implemented by many suppliers. The format used for delivery call-offs is VDA 4905. However, the electronic data interchange for advance shipping notices (VDA 4913), invoices (VDA 4906) and credit notes should also be supported.

2. Transport and Delivery Processes

Delivery Terms (Incoterms)

In accordance with the Incoterms **2020**, the following procedure shall apply for the selection of a carrier:

'carriage paid' (DAP):

The Supplier notifies the WKW Group of the carrier of his choice and states the transport cost. The transport cost and the return of the empties are borne by the Supplier.

'ex works' (FCA):

The WKW Group specifies the carrier.

The transport cost is borne by the WKW Group and the return of the empties is borne by the Supplier unless agreed otherwise.

Carriage paid is deemed agreed unless agreed otherwise.

Delivery

The delivery documents, i.e.

- VDA delivery note (VDA 4994) or VDA goods receipt/issue slip (VDA 4912) in the case of EDI delivery note
- VDA shipping order (VDA 4922)

must be handed over complete at the goods receiving department on delivery. Parts for First Article Inspection must be shown separately on the delivery note.

The production of the delivery documents and the loading must be done on the basis of the unloading point.

The advance shipping notice by EDI must be sent timely and no later than the shipping of the goods.

The Supplier shall ensure that delivery documents are filled out properly. Deliveries without the required information cannot be entered into the system.

Labeling of Load Carriers

The VDA 4902 compliant and completely and correctly filled-out transport label must be placed on the load carrier at a well visible place and in a way that prevents it from coming off accidentally.

A transport label must be placed on each load unit, each container and every single package within a load unit; not relevant labels must be removed.



Changes

Parts changes may not be made without written approval. Further details are described in the Quality Management Directive QMR01.

First articles must be clearly marked as such with a transport label and delivered separately from series deliveries.

Delivery Hours

The delivery hours vary from location to location and must therefore be individually coordinated with each factory.

Deliveries outside these fixed hours are only permitted in exceptional cases after obtaining approval from the Scheduling and Goods Receiving Departments.

Deviations here from require a separate agreement; otherwise the goods will not be unloaded. If extra cost is incurred as a result of late delivery, the Supplier will be invoiced for such cost.

Deviation from the Requirements

If specified packaging or defined procedures are not complied with by the Supplier, this will have an effect on the supplier rating.

The Supplier will be invoiced a lump-sum expense charge of \$100.00 for each deviation. This charge does not include further claims like sorting, labor, extra warehouse and freight return costs which will be invoiced at cost.

Delivery

The Supplier is fully responsible for the on-time and proper arrival of the goods in the case of carriage paid deliveries. The Supplier shall ensure that the contracted forwarding agent can provide information on the whereabouts of the goods at any time.

In the case of "ex works" deliveries, the Supplier is responsible for both the on-time availability of the scope of supply and also for the timely and correct notification to the carrier. The notification must be timely effected so as to ensure delivery of the goods at the specified arrival time.

The following carrier is currently specified for the Velbert and Wuppertal location for ex-works deliveries within Germany:

Gebr. Taskin Logistics GmbH
Tel.: 02339 / 9039 120 oder 126
dispo@taskin-logistics.com

The WKW Group reserves the right to invoice extra cost incurred as a result of a non-compliance of this instruction.

Over deliveries

The Supplier must always deliver the scheduled quantity on the respective requirements date in accordance with the delivery call-off/order.

If the delivery exceeds the tolerance limits in terms of time or quantity/value, the WKW Group reserves the right to

- reject the goods and return them at the Supplier's expense.
- or accept the goods.

3. Packaging Requirements

General

The packaging must be planned on a parts-specific basic taking into account logistics, quality assurance, environmental friendliness and cost-effectiveness aspects and will be separately agreed.

The following requirements must be fulfilled regardless of the type of packaging used:

- Damage-free parts delivery (no quality impairment)
- Building of rational load units
- Optimum capacity utilization of the containers
- Reduction of stuffing material to a minimum
- Transport securing devices
- Protection against dust and moisture
- Low flammability
- Problem-free unload ability of the transport vehicles by means of floor conveyors, e.g. fork-lift trucks
- Stack ability (at least two layers)
- Suitable handling arrangement
- Ergonomic and simple parts withdrawal
- Recyclable material
- Preference to reusable packaging
- Identification of the used packaging materials
- Containers and packaging may only be used in a clean condition

The Supplier is always liable for quality deteriorations as a result of defective/poor, wet or soiled packaging. The packer/sender is always liable for the condition of the delivered goods.



A use other than the intended use of load carriers owned by the WKW Group or its customers is not permitted.

The use of disposable packaging must be avoided.

Pursuant to the Packaging Regulation (VerpackV § 4) disposable packaging must be taken back at own cost. The Supplier can be released from this take-back obligation after mutual agreement.

All disposable packaging must be clearly and visibly marked with standard symbols and abbreviations as per DIN 6120 ff or symbols generally accepted by the waste disposal industry.

Special Requirements for Use of Wooden Materials

The phytohygienic provisions of the IPPC (International Plant Protection Convention) must be complied with for international trading with packaging material made of solid wood.

Packaging Conditions

In the case of delivery of containers that are damaged, incorrectly used or loaded contrary to the regulations, the resulting extra work or cost (re-packing, repair, etc.) will be invoiced.

The available container stock will be monitored by means of an empties management. The account management will be handled by the factories with regular account reconciliation taking place. If this does not happen, the Supplier will be responsible for subsequent differences. This will result in replacement purchases payable by the Supplier.

The scrapping of containers of the WKW Group requires prior approval. Otherwise, the replacement costs will be borne by the Supplier.

4. Special Actions

Definition of an Escalation Plan

A backlog catch-up plan must be produced if delivery difficulties persist for some time. The production of an 8-D Report is also required.

Documentation Obligation

Continuous quality improvement is a principle at the WKW Group. The compliance with IATF 16949 is a tool for this and a requirement of our customers.

The documentation of additional freight costs for extra tours of our suppliers is a requirement within the scope of IATF 16949. This means that the Supplier has to keep record of both the costs of extra tours caused by the Supplier and their causes. The Supplier is obliged to make such documentation available at any time upon request.

5. Logistics Quality

The WKW Group always expects a zero-defect strategy, i.e. potentially occurring defects must be systematically analyzed and corrected. The quality management requirements for our suppliers are detailed in the QMR01 Directive. This is why only logistics-specific requirements are addressed here.

Delivery Service Level

Within the scope of the zero-defect strategy, the objective of the WKW Group is a 100% delivery service level. From new suppliers, we expect a minimum delivery service level of 90% and a continuous improvement objective.

The delivery service level is calculated on the basis of delivery date and quantity compliance. The basis of calculation of the delivery date and quantity compliance is the last delivery call-off/order sent to the Supplier. If deviations from the quantity and/or delivery date are agreed with the scheduler, they will only have an effect on the delivery service level when a corresponding delivery call-off/order is issued to the Supplier.

Supplier Rating

The quality of a Supplier's performance and any change therein is measured with a supplier rating system.

The objective is to work out improvements in areas with potential.

The supplier rating is done at least once a year and serves as information for strategic talks between the Purchasing Department of the WKW.group and the Sales Department of the Supplier. Details on the supplier rating can be called up at www.wkw.de.

Supplier Audit

The aim of the audit is to show improvement potentials and weak spots in the processes of the Supplier. The WKW Group team can consist of employees from the quality assurance, production, purchasing and/or logistics departments.

Which suppliers will be submitted to an audit, will depend on the supplier rating and the supplier's delivery performance. In general, an audit will be done at all new suppliers.

If a WKW Group customer wishes to take part in an audit, such participation can only be refused by the Supplier in justified cases.