GLOBAL SUPPLIER MANUAL

Outperform every day!

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1.0 Supplier Quality Policy

It is the policy of Vollrath Company L.L.C. (known as Vollrath) to achieve a clear competitive advantage through continuous improvement in quality, cost, service, technology and delivery from our suppliers in the total supply chain. It is the expectation of Vollrath that suppliers shall:

- Flawlessly launch through the use of planning, preparing, and training to supply quality products and services.
- Maintain flawless performance over time by protecting against change that would be detrimental to product quality and service by rapidly addressing concerns and learning from mistakes so that they are not recurring in nature.
- Continually improve by proactively improving the quality and value of products and services over time.

1.1 Purpose and Scope

This manual establishes minimum quality and performance requirements for all suppliers of production materials, products and services to the Vollrath businesses.

1.2 Responsibilities

The Vollrath Global Procurement and Quality departments are responsible for SQM implementation, and have authority to ensure all suppliers meet and fulfill requirements. Suppliers are responsible for ensuring that products and/or services comply with established requirements and assume full responsibility for the quality thereof. Suppliers are further required to ensure that sub tier suppliers meet the requirements outlined in this manual.

1.3 Expectations

Vollrath has the following expectations of all suppliers. The supplier shall:

1.3.1 Provide 100% quality parts/services with 100% on-time delivery.

1.3.2 Apply appropriate resources and methodologies to continually improve the quality and cost of products.

1.3.3 Comply with the laws and security guidelines of other countries.

1.3.4 Conform to Vollrath packaging and labeling requirements as specified at www.vollrath.com/Vollrath/Suppliers.htm .

1.3.5 Work collaboratively with Vollrath in addressing customer failures from root cause analysis through, if applicable, financial recovery.

1.3.6 Not ship any radioactive materials unless approved specifically. Suppliers are responsible for making sure that material is radiation free when required.

1.3.7 Conform with the ISPM15 wood packaging regulations

1.3.8 Establish, document, implement, and maintain a quality management system, and continually improve the system's effectiveness.

1.3.9 Proactively communicate to Vollrath any information regarding product found to be of suspect quality or function.

1.3.10 Conform with RoHS (Restriction of Hazardous Substances Directive) and/or REACH (Registration, Evaluation, Authorization & Restriction of Chemicals) when applicable.

1.3.11 Provide all documentation and information **in English** to ensure documents are transferable and understood within all Vollrath facilities. This requirement is for all requests for records and documentation submitted to Vollrath as specified in this manual. *This requirement can only be waived by the Global procurement or Quality group.*

1.3.12 Support Vollrath in addressing customer failures related to the supplier's product/service

1.3.13 Demonstrate quality planning to foster continuous improvement, defect prevention and process optimization. Preferred Quality Planning methods for direct materials are detailed in the Automotive Industry Action Group's (AIAG) Advanced Product Quality Planning and Control Plan (APQP) manual and Production Part Approval Process (PPAP) manual. Quality planning methods may include, but are not limited to:

- Process capability analyses with statistical process controls
    - Control plans incorporating process controls to detect and correct manufacturing defects before finished products are completed
    - Operator and inspection instructions eliminating non-productive steps required to inspect quality into the supplied materials
- Packaging plan
- Process flow charts
- Root cause analysis, corrective action and preventive action

1.4 Supplier Receipt and Acceptance of Global Supplier Manual Content

Prior to being awarded business from Vollrath, new suppliers must read the Vollrath Global Supplier Manual, and print, sign, date and return the acknowledgement (last page).

The manual may be updated periodically by Vollrath. To verify revision level or obtain the latest version of this document refer to the Vollrath Global Supplier Manual at

www.vollrath.com/Vollrath/Suppliers.htm. Suppliers are responsible for obtaining and using the current revision of this document.

2.0 Supplier Systems

2.1 Quality System Requirements

Suppliers must establish, maintain and demonstrate quality systems with supporting procedures to ensure that products and services conform to Vollrath purchase agreements and specifications.

All suppliers must complete and submit a supplier profile and provide their quality manual for review. In addition, a site audit by Vollrath representatives may be required prior to awarding business.

Where applicable, the supplier shall demonstrate the capability to attain appropriate internationally recognized standards and certifications as required for the product/process involved. Examples include but not limited to UL, NSF, CSA, ASTM, CE, ETL, ROHS, REACH, and CCC.

2.1.1 Requirements for Suppliers of Production Materials

Vollrath prefers suppliers of production materials with proof of certification to ISO 9001 by an accredited registrar.

If the supplier's quality system is determined inadequate, the supplier must provide an action plan and timeline for Vollrath approval.

2.1.1.1 Traceability Requirements

The supplier quality system should ensure that products are traceable to raw materials or components used in the manufacturing process, production operation, date of manufacture, revision level and records of evaluation of conformance. Product should have positive identification at all times to address traceability via lot numbers, date codes or other means as applicable.

2.1.2 Change in Status

In the event a supplier's quality registration status changes or is suspended, the supplier must notify global procurement and locations to which product is supplied, within five (5) business days. In this case, the supplier may be audited by Vollrath and/or be required to provide documentation explaining the status change including a plan for corrective action.

2.2 Record Retention Requirements

Quality records shall be maintained in legible condition and available for review upon request. Records may be in any media such as electronic or hardcopy. Records should include accurate, updated and complete quality data. Material Safety Data Sheets (MSDS) or applicable international documentation, Certificates of Analysis (C of A), process documentation, or other information as applicable and required. Records shall be kept for defective components and assembly processes to highlight problem areas and trends.

Records of production materials shall be maintained for a minimum of seven (7) calendar years, or per the accepted industry standard requirements, or per customer requirements, whichever is greater.

Records of non-production materials and services shall be maintained for a minimum of three (3) calendar years, or per the accepted industry standard, or per customer requirements, whichever is greater.

2.3 Warranty

Suppliers must have the capability of supporting life cycle requirements of the product. Suppliers are expected to demonstrate reliability that meets or exceeds Vollrath requirements.

Suppliers having design or co-design responsibility must participate in reducing the number of warranty concerns. The supplier must track and analyze the causes of warranty claims and use the information to improve processes and product quality. This will support enhanced customer satisfaction and continued business for Vollrath and suppliers.

3.0 Supplier Approval

Vollrath utilizes a supplier selection and sourcing process to evaluate and identify potential sourcing partners. Suppliers must be capable of meeting quality, delivery, cost and continuous improvement objectives and are evaluated for such.

3.1 Supplier Evaluation

All suppliers must complete a supplier profile and provide their quality manual for review. The Supplier Profile is obtained through Vollrath Procurement.

Along with a business assessment (reference check, credit analyses, etc.) and a review of the quality manual and supplier profile results, candidate suppliers may be subjected to a self-assessment questionnaire and an onsite evaluation by Vollrath personnel in accordance with established procedures to assess supplier effectiveness. The evaluation includes key functional areas such as quality, procurement, engineering and manufacturing. In addition, the supplier must have appropriate regulatory approvals (ASTM, CSA, UL, NSF, etc.) as required for the product/process involved.

Based on favorable evaluation of the above information, a supplier may be listed as approved for business with Vollrath. Two types of approval may be granted:

- Approved
- Conditional – subject to specific corrective actions on a mutually agreed timeline; conditional approval enables Vollrath to contract with a supplier that is pending a site survey and/or corrective action from site survey. It is not to exceed 12 months.

If after twelve (12) months, a supplier has not satisfied approval requirements, the supplier may be removed from the Approved Supplier List. (See 3.3)

If a supplier is not approved, no contract or receipt of material or services are allowed until corrective action is taken to enable the supplier to achieve Conditional status, as a minimum.

3.2 Supplier Site Appraisal

Vollrath reserves the right to perform periodic on-site appraisals of the supplier's facility, quality systems, records, and product ready for shipment. Supplier shall have a process to ensure compliance with all applicable government safety and environmental regulations. The supplier's personnel, gauging, and test facilities shall be made available as required for surveillance.

- **New Suppliers:** May be surveyed prior to Vollrath ordering production materials or services. A satisfactory capability rating or development plan is a prerequisite to the order.
- **Current Suppliers:** May be surveyed by Vollrath to establish capability prior to placement of new business.

3.3 Approved Supplier List

An Approved Supplier List is maintained by Strategic Sourcing. Buyers may select suppliers from the Approved Supplier List for business placement.

4.0 Part Approval

These guidelines define Vollrath's requirements for suppliers' submissions of new production parts or changes to existing parts.

4.1 Production Part Approval Process (PPAP)

The purpose of the PPAP is to determine if suppliers have understood all Vollrath requirements, and if the processes have the potential to produce parts that meet these requirements consistently. Permanent changes from Vollrath are documented through an internal change control system. In addition, any product/process changes by supplier are subject to PPAP submission. Parts or components being sourced shall be approved for production by Vollrath.

A drawing/specification review will be conducted prior to the production part approval process to confirm the supplier's ability and commitment to meet all specified design requirements.

Vollrath Procurement will provide a PO, or contract that includes the latest drawing for PPAP submission. Once the order is received, suppliers shall direct any PPAP submission requirement questions to the appropriate Buyer or Vollrath Supplier Quality Representative.

Suppliers are <u>not</u> authorized to begin shipment of production quantity material to Vollrath prior to part/process approval. Small quantities of parts for reliability/engineering testing, and sample needs are the only exception. All material submissions or submittals due to changes must be identified and packaged separately from production shipments.

Suppliers are responsible to assure that all sub-contracted suppliers are approved and components and materials meet all Vollrath specifications. Additionally, suppliers shall require the sub-suppliers verify the ability to meet required volumes at the required delivery time.

Unless agreed otherwise, the PPAP documentation should be supplied in electronic format to reduce the handling of paperwork and allow easy storage for record keeping. The preferred format is to have all the documentation in one PDF file.

4.2 PPAP Status

Upon receipt of the PPAP submission, Vollrath will review and assign status as follows:

- **APPROVED:** When a submission is completely through review and approved for use in mass production. The supplier is authorized to ship production quantities of the product subject to purchase orders or releases.

  <u>An approved PPAP part is not:</u>
  - A part produced somewhere other than the actual production source (e.g. parts manufactured from tools located at a tool shop).
  - A part manufactured off prototype tools.
  - Parts produced from a process other than the intended production process.

- **REJECTED:** When a PPAP submission has been reviewed and determined to be either nonconforming or does not reflect the latest revision. The PPAP submission does not meet requirements based on the production lot from which it was taken and/or accompanying documentation. The submission process shall be corrected to meet requirements.

- **INTERIM (CONDITIONAL):** Allowed on a limited basis as long as the following criteria are met:
  - The part is saleable to the customer in its current state.

- The part has a plan of action detailed.
- Interim can only be granted at the discretion of Vollrath Purchasing.
- Each interim approval cannot exceed 60 days.

5.0 Corrective Action

5.1 Introduction

Suppliers to Vollrath are responsible for providing defect-free products and services. When quality issues occur, the supplier is required to determine the root cause and corrective action to resolve the issue and to ensure no recurrence. Suppliers will support Vollrath with technical assistance and field support to rectify any substantiated non-conformance. Vollrath reserves the right to recover justified expenses from suppliers for performance failures related to quality and delivery issues.

5.2 Non-conformance

5.2.1 Defective material or service may be identified at any point in the process including incoming inspection, use, consumption, assembly or packaging. Defects can also be discovered during surveillance, validation, at the end customer or through warranty claims.

5.2.2 Suppliers will be notified through communication of a Nonconforming Material Report (NCMR) or a Supplier Corrective Action Report (SCAR) upon the detection of a defective material and/or service.

5.2.3 Non-conformance discovered at Vollrath may be handled in any of the following ways and at the discretion of the Vollrath Business Unit and/or facility:

- Rejection of the entire lot and return to the supplier.
- Deviation. Product **cannot** be shipped or consumed prior to deviation approval.
- Sorted or reworked at Vollrath facility with Supplier resources(s) and/or third party resources may be required to support rework.
- Vollrath will take the appropriate action and the Supplier will be responsible for all costs incurred.

5.2.4 Upon authorizing product return or scrap, suppliers will provide a credit memo to cover all agreed upon costs and referencing the Vollrath NCMR number.

5.3 Supplier Response

5.3.1 Suppliers shall take immediate action upon receipt of a Supplier Corrective Action Request (SCAR) www.vollrath.com/Vollrath/Suppliers.htm – including direct contact with Supplier Quality as specified – unless the request states 'information only'. Supplier must acknowledge receipt of a SCAR within 24 business hours, provide containment *(as outlined in the SCAR)* within 48 hours, and provide a complete plan of permanent corrective action implementation in 15 business days, unless otherwise specified.

- Identify and initiate a short-term containment plan to prevent additional non-conformance at Vollrath. This may include the inventory at Vollrath facilities, in the distribution system, at the supplier and in supplier production.
- Identify a short-term corrective action plan with timing to replace non-conforming material with conforming material.
- Containment actions, short-term corrective actions and date implemented must be documented in writing by the supplier and communicated to Supplier Quality as prescribed in the corrective action request.

5.3.2 Supplier must provide response to a corrective action request to Supplier Quality. The response must include or document:

- Definition and verification of the non-conformance root cause including supporting data and/or study results.
- Verification of permanent corrective action including supporting data, implementation dates and updated product quality plan documentation.
- The lot number/effective date for the long-term corrective action implementation date must be identified. Any updates to the corrective action plan, such as completion dates, must be communicated to Vollrath.

5.4 Product Disposition

Supplier shall ensure that no quality compromise will be made when dispositioning suspect or non-conforming product. There shall be no shipment of suspect products to Vollrath Company without an approved deviation. The following containment levels will be utilized at the discretion of Vollrath Global Procurement and Quality.

5.5 Advanced Supplier Containment

Vollrath has 2 advanced containment levels to contain defective product and to protect the company from receiving additional non-conforming material.

5.5.1 Containment Level 1 (CL1)

For this level, Vollrath requires that a supplier put into place a redundant inspection process (FQA – Final Quality Audit) at the supplying location. The supplier is responsible to sort for a specific non-conformance, execute corrective action, and insulate Vollrath from the receipt of non-conforming parts/material. The redundant inspection is required in addition to the Supplier's normal production process controls, and is executed by the Supplier's employees. Prior to entering CL1, Vollrath and the Supplier will agree upon a CL1 exit criteria plan.

Reason for Implementation:

- New product development requiring a new PDS (Product Description Sheet) / FQA (Final Quality Audit).

- Repeat non-conformances
- Major disruptions
- Production Line Down
- Production Shortage
- Supplier's current controls are not sufficient to ensure conformance to requirements

Required Supplier Actions:

- Establish a separate containment process at the supplier's facility within 24 hours of notification of CL1
- Create standardized inspection instructions
- Provide floor space and proper tooling to execute standardized inspection instructions
- Track breakpoints of non-conforming material. (Purge supply chain of suspect material, i.e. at Vollrath facility, in transit and at all storage locations)
- Identify individual parts, material, and containers, as agreed upon by Vollrath, to have traceability of parts certified for production.
- Document the (CL1) inspection results daily and provide at a minimum weekly status updates to Vollrath.
- Provide certified material to Vollrath

Exit Criteria:

- Exit criteria plan has been met at the Supplier and the affected Vollrath facility.
- The initiator of corrective action must approve the exit of CL1 prior to stopping the CL1 activity.
- If the exit criteria is not met in the agreed upon timeline or if the CL1 process is deemed ineffective, the Supplier will be placed in Containment Level 2.
- For new PDS / FQA – the 1st 3 shipments will be inspected by Vollrath at no charge to the supplier. Any defects causing further FQA inspection by Vollrath will result in a monetary charge.

5.5.2 Containment Level 2 (CL2)

This is a Vollrath requirement that includes the same processes as Containment Level 1, with an additional inspection process by a 3rd party inspection and rework company representing Vollrath's interests specific to the containment activity. The third party is selected by the Supplier, approved by Vollrath and paid for by the Supplier. Prior to entering CL2, Vollrath and the Supplier will agree upon a CL2 exit criteria plan.

Reason for Implementation:

- The supplier did not meet the exit criteria plan for Containment Level 1

Required Supplier Actions:

- Containment Level 1 activity must continue along with Containment Level 2.
- CL1 material must be provided to the 3rd party CL2 provider.
- Establish a separate containment process at the supplier's facility or at a 3rd party inspection and rework company within 24 hours of notification of CL2.
- Create standardized inspection instructions for CL2.
- Provide floor space and proper tooling to execute standardized inspection instructions for the CL2 3rd party inspection and rework company.
- Identify individual parts, material, and containers, as agreed upon by Vollrath, to have traceability of parts certified for production.
- Only CL2 material must be delivered to Vollrath.
- Document the (CL1 and CL2) inspection results daily and provide at a minimum weekly status updates to Vollrath.

Exit Criteria:

- Exit criteria plan has been met at the Supplier and the affected Vollrath facility.
- The initiator of corrective action must approve the exit of CL2 prior to stopping the CL2 activity.
- If the exit criteria is not met in the agreed upon timeline, the Supplier will be placed in new business hold and could result in de-sourcing the Supplier.

5.6 Supplier Charge Back

Suppliers are responsible for the quality, on-time delivery, and reliability of the product they supply. Product must meet the drawing and any referenced specification requirements. The Supplier accepts financial responsibility for the consequences of nonconforming product and rejected PPAP submissions including, but not limited to, costs incurred for containment, sorting, premium freight, rework, repair, and replacement of defective material, resulting overtime, and productivity loss incurred by Vollrath and/or its Customers.

In cases where a Supplier has implemented an unauthorized change or has failed to deliver contracted products in accordance with specifications and terms of the Vollrath Purchase Order, all costs that are incurred by Vollrath and/or its Customers will be the sole responsibility of the Supplier.

5.7 Cost Recovery

When a quality problem is reported and is agreed to be the fault of the supplier there will be a charge of **$100.00 USD per Man-Hour** used for sorting/rework if deemed necessary (please refer to Section 5.2.3) to meet production or customer requirements.

Down time caused by supplier quality or delivery problems will be charged back to the supplier at a negotiated cost.

All parts will be charged back at cost for returns or scrap. Freight is the responsibility of the suppliers for returns.

A standard (3) hour charge for administrative handling will be charged at the rate referenced above for each defective material notice issued.

Other costs associated with the impact of quality or delivery problems may also be charged back to the supplier. This cost may include but are not limited to:

- Travel expenses to the Customer or Supplier
- Customer charges to a Vollrath Facility
- Laboratory, testing or layout
- Premium freight.

6.0 Supplier Rating and Monitoring

6.1 Supplier Scorecard

To ensure that suppliers receive feedback on performance to expectations a scorecard covering four areas will be provided quarterly.

Category	Weight	Metric	Points
Quality	30%	Defective PPM	30
Delivery	30%	On-time %	30
Service	30%	SCARs open > 30 days	10
		Governance	5
		Lead Time	15
Cost	10%	Cost reduction opportunities	10
	100%		100

Scorecard values are tracked over time and evaluated for consistency and/or improvement. Included with the scorecard is a document detailing calculations and scoring level implications.

6.2 Ratings

Suppliers are expected to provide exceptional performance and service to Vollrath. Key suppliers are monitored and scored to determine overall performance and business

alignment with Vollrath needs. The rating derived from the overall score is used to at Vollrath to determine resource allocation for supplier development, the award of new business and to highlight potential areas of business risk.

Suppliers are classified as follows:

- **Approved** – (Score > 75) These suppliers are eligible to receive new business.
- **Conditional** – These suppliers are approved for use, however, corrective action is required to improve performance. New business may be sourced only at the discretion of the Commodity Manager.
- **Restricted** – These suppliers exhibit unsatisfactory performance (quality, delivery, cost); or a violation of ethics. These suppliers are not approved for purchase activity.

7.0 Management of Vollrath Supplied Product

7.1 General Requirements

All tools, manufacturing, test or inspection equipment belonging to Vollrath, or their customers, shall be used exclusively for Vollrath products unless an authorization in writing exists.

7.2 Tracking

All Vollrath tooling or capital assets have an asset number for tracking. This information should be captured by Vollrath in the purchase order transaction record.

7.3 Tooling and Gauging Requirements

The Supplier shall notify Vollrath in writing of supplied tooling or gauges that are lost, damaged or are otherwise unsuitable for use. Vollrath supplied tooling and gauges shall not be disposed of without written authorization from Vollrath. Supplier is responsible for timely calibration, proper storage, etc.

8.0 Supplier Request for Change

8.1 Change Request

All changes to supplied production materials must be properly documented and approved in writing by Vollrath prior to implementation. **Part approval (PPAP) resubmission may be required.**

Suppliers are encouraged to suggest improvements which effect product quality, processing, material, packaging, delivery and/or cost. Changes requiring approval include, but are not limited to, the following:

Process:

- Reduction or change in product testing
- Movement of production line equipment
- Production line machine/equipment changes
- Manufacturing location changes
- Tooling transfer, refurbishment, replacement or additional tools

Design:

- Construction changes or assembly methods
- Constituent material changes
- Constituent material sourcing changes
- Change to optional construction material or method including packaging

8.2 Submitting the Change Request

The form may be obtained at www.vollrath.com/Vollrath/Suppliers.htm and must be completed and submitted to the appropriate Global Procurement contact for approval by the Business Unit and locations.

9.0 Purchase / Sale Transactions

9.1 Purchase Orders

Unless otherwise agreed to in writing, Vollrath purchase order terms and conditions shall govern the transaction. All suppliers are expected to acknowledge receipt of orders and acceptance of the order contents within 48 hours of receipt. Failure to acknowledge will be considered order acceptance by Vollrath.

In the event that an order needs to be changed due to a discrepancy in quantity, delivery or cost the supplier must be in receipt of a changed Vollrath purchase order for the discrepancy to be considered resolved. ***Should a cost discrepancy occur, Vollrath will only pay what is indicated on the Vollrath purchase order***.

9.2 Invoices

All invoices are to include the following information:

- Vollrath purchase order.
- Vollrath item number and description (if applicable).
- Quantity and cost of product.
- Supplier invoice number.
- Supplier remittance information.

Vollrath strives to be a valued customer to our suppliers and is committed to honoring the terms of our agreements. It is Vollrath's policy to pay within agreed upon terms,

however there may at times be discrepancies in quantity or product quality which preclude payment. In those instances, the supplier is urged to contact their primary Vollrath purchasing professional to seek resolution.

9.3 Operators Manuals

When required, **the latest revision** operator's manuals must accompany finished product. Instructions to obtain the latest revision operator's manuals can be found at http://vollrath.com/Vollrath/Suppliers.htm.

10.0 Packaging, Labeling, & Handling

In-process and finished products shall be appropriately packaged to protect from damage. Packaging shall meet **all** applicable shipping laws, codes, and regulations. All shipments shall be packaged or placed in a new container unless otherwise specified. Packing slips shall be attached to the carton exterior in shipping envelopes. All packaging must be qualified to International Safe Transit Association (ISTA) 2A test standards as appropriate. Wood packaging must be in compliance with ISPM15 regulations.

The supplier shall ensure that all Vollrath packaging is clean and free from dirt, debris, foreign materials, and damage. All returnable packaging and dunnage that is not clean and free from dirt, debris, foreign material and damage may be subject to rejection.

Packaging shall be labeled in accordance with all Vollrath standards, unless otherwise specified. The packaging and labeling shall meet Vollrath specifications or requirements. Each shipment shall be marked with the Vollrath part number, quantity, lot number, date code, Vollrath site name, address, gross weight in pounds, and any other specified requirements as applicable.

Supplier shall identify each item(s), package(s) and/or container(s) shelf-life with the manufacture date or the expiration date along with any special storage and handling conditions, in addition to the normal identification requirements. If not otherwise specified, a minimum of 75% shelf-life must be remaining upon receipt at Vollrath.

11.0 Government, Safety, and Environmental Regulations

All purchased materials shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical, and electromagnetic considerations applicable to the countries of manufacture and sale. The supplier must follow U.S. Customs security guidelines if involved in importing goods to the United States of America.

Vollrath specific requirements may exceed general requirements.

12.0 Supplier Development and Recognition

Vollrath strives to consistently offer quality parts and services at a good value; to lead design and technology; to drive continuous improvement and to provide consistent, quick delivery to the end user. These same guiding principles towards maintaining customer satisfaction and continuous improvement necessarily become a mutual goal of Vollrath and its suppliers. Suppliers are accountable for product conformance, system and process compliance and increased performance in a globally competitive environment.

As such, it is Vollrath's policy to support the development of its suppliers as applicable and to recognize suppliers for sustained performance and for continuing improvement.

12.1 Continuous Improvement

Suppliers are expected to demonstrate a commitment to continuous improvement in products and processes provided to Vollrath. Objective evidence of "self-development" may be requested such as copies of revised procedures, updated training records, audit results, and statistical data as applicable. Quality system emphasis is placed on preventing nonconformity rather than detecting nonconformity.

Vollrath encourages suppliers to implement business systems eliminating non-value added activity, mistake-proofing and cost reduction/ avoidance. Cost reduction must be an integral part of the long-term success of Vollrath and its suppliers in order to remain competitive and strong in the marketplace. Suppliers are expected to develop or maintain the ability to offer cost avoidance/reductions through effectively implementing internal quality improvement programs and value analysis techniques.

12.2 Vollrath Guidelines

Supplier development also entails a proactive approach to encourage and/or to assist suppliers in successful deployment of continuous improvement efforts ranging from simply providing feedback on supplier scorecards (opportunities for improvement) to launch and execution of complex joint projects.

Opportunities for development can be identified to include, but not limited to, technical issue resolution, product development, e-commerce enablement, training in quality methodology/ tools (e.g. Six Sigma), materials and logistics, financial support and contingency planning, lean manufacturing. Vollrath Global Procurement and Supplier Quality coordinates requests for supporting resources and/or provides contact information on obtaining external supporting resources to the supplier.

13.0 Glossary/Appendix

13.1 Terms

Supplier Approval – Pre-award process to determine capability and compatibility to support Vollrath long-term plans and vision.

Supplier Development – Proactive program for development and continuous improvement.

- Joint improvement projects
- Identifying tools for continuous improvement
- Supplier training
- Supplier conferences

Certificate of Analysis (C of A) – A quality record received from a supplier that indicates the results of specified tests on products performed before shipment. It may also indicate performance of the process used to make the purchased goods or products.

First Article Inspection/ Layout Review – All dimensions for a part are checked and verified prior to full production and receipt of part into the Vollrath facility. All dimensions, (except reference dimensions), characteristics, and specifications, as noted on the layout/design record and process control plan, are to be listed with the actual dimension results recorded. Blanket statements of conformance are not acceptable.

AIAG: Automotive Industry Action Group
http://www.aiag.org/

ISPM15: International standards calling for wood packaging material to be either heat treated or fumigated with methyl bromide and marked with an approved international mark certifying treatment
https://www.ippc.int/servlet/CDSServlet?status=ND0xMzM5OSY2PWVuJjMzPSomMzc9a29z

Regulations for the importation of wood packaging materials to the U.S. – The regulations now incorporate international standards calling for wood packaging material to be either heat treated or fumigated with methyl bromide and marked with an approved international mark certifying treatment. For more information please see web site at http://www.aphis.usda.gov/ppq/swp/import.html

Vollrath Responsible Sourcing Policy

Introduction

Vollrath is a family-owned business with long standing values rooted in consideration for the well-being of our people, community and the environment. Our objective is to have these same values reflected across our supply chain and to increase the social and environmental impact resulting from our global business relationships. The purpose of the *Responsible Sourcing Policy* is to define these values and expectations.

Vollrath's *Responsible Sourcing Policy* consists of 11 fundamental principles we consider to be essential to responsible and humane employment conditions. They will be covered in detail in subsequent sections of this policy along with definitions of mandatory compliance. These principles and associated mandatory supplier programs represent a minimum level of acceptable compliance and form the baseline for Vollrath and Suppliers to drive future improvements. We recognize that not all suppliers will initially be compliant and that there will be questions and possibly conflicts with existing business practices. Vollrath is committed to an open dialogue surrounding any issues and to providing assistance in establishing corrective actions.

Regarding the cost impacts of compliance, it is largely held that an engaged workforce that is treated with respect and care yields dividends exceeding the cost of programs. Research by international labor organizations indicates that improvements in the treatment of workers results in productivity gains, reductions in staff turnover, increased innovation, reductions in health care costs, improvements in product quality and increased labor market flexibility.

Globalization of markets and industry has produced a narrow view of labor in the supply chain as a commodity that overlooks the human condition. It is our view that the people involved in producing Vollrath products should be enriched by the experience, with working conditions and opportunities that place value on their welfare, dignity and development. We believe that by partnering with our suppliers we can positively impact the people, their communities and the environment.

I look forward to your participation in this journey.

Nancy Wagner

VP, Supply Chain

Fundamental Principles

The fundamental principles listed are the pillars of this policy. Every requirement, recommendation, or request for action included in this document is directed at the enforcement of these principles. Achieving a minimum standard of compliance to each one and then continuing to drive towards raising that standard is our shared goal.

These principles were not developed by Vollrath, they are the result of research and the adoption of recommendations from several international organizations. The sources consulted were:

- 1998 Declaration on Fundamental Principles and Rights at Work (UN International Labor Organization)
- 2011 Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework (UN)
- 2004 Fair Globalization (UN World Commission on the Social Dimension of Globalization)
- 2011 Guidelines for Multinational Enterprises (Organization for Economic Cooperation and Development)

The following pages outline what these principles cover and what business practices need to be in place for compliance.

Fundamental Principles:

1. All workers are treated equally and with respect and dignity
2. Business is conducted lawfully and with integrity
3. Work is conducted on the basis of freely agreed and documented terms of employment
4. Work is conducted on a voluntary basis
5. All workers are of an appropriate age
6. All workers are paid fair wages
7. Working hours for all workers are reasonable
8. All workers are free to form or join trade unions or to refrain from doing so and bargain collectively
9. The health and safety of all workers is protected
10. All workers have access to fair procedures and remedies
11. Business is conducted in a manner which embraces sustainability and reduces environmental impact

1. **All workers are treated equally and with respect and dignity**

   Explanation

   - No workers are subjected to discrimination based on race, religion, caste, age, gender, political affiliation, disability, health or nationality.
   - No workers are subject to abuse, harassment, or intimidation

   In Practice

   - Supplier maintains, publishes and trains employees on policies prohibiting discrimination.

2. **Business is conducted lawfully and with integrity**

   Explanation

   - All governing laws in the country in which the supplier operates in are complied with
   - All international laws and regulations the supplier is subject to are fulfilled
   - The supplier does not engage in bribery or any corrupt practices

   In Practice

   - The supplier has a policy in place prohibiting bribery and any corrupt exchange occurring with their business or supply chain

3. **Work is conducted on the basis of freely agreed and documented terms of employment**

   Explanation

   - The terms of employment for all workers are to be documented in employment agreements and/or explicitly covered in published policies. These terms are to provide equal protection for the rights of workers classified as full time and those deemed part time.

   In Practice

   - Signed employment agreements are in place for all workers and contain accurate terms of employment.
   - Employment agreements are in a language that is understood by the worker.

4. **Work is conducted on a voluntary basis**

   Explanation

   - No person will be forced to perform work against their will. This includes indentured labor, bonded labor and all other forms of slavery.

   In Practice

   - All workers have their identification papers in their possession and are not required to submit them to the employer, unless required by law. In the event that the law requires it, workers will have ready access to their identification papers.
   - Hiring policies and practices exist to ensure that workers are freely entering into employment.
   - Workers are free to leave the workplace.

5. **All workers are of an appropriate age**

Explanation

- All workers will be over the age of fifteen or of an approved age as permitted by local law – whichever is higher.
- Work performed by young workers will not be of a nature that is dangerous or potentially harmful to mind or body.

In Practice

- Company policies exist that prohibit the hiring of workers under the approved age and which define the type of work that may be assigned to young workers.

6. **All workers are paid fair wages**

Explanation

- All workers are to be compensated with wages, overtime pay, benefits and paid leave which meets or exceeds the legal minimum standards or prevailing industry standards – whichever is higher.

In Practice

- Workers receive pay on time and in full with an included pay slip outlining the details of their compensation and deductions.

7. **Working hours for all workers are reasonable**

Explanation

- Local law governing working hours and overtime hours is to be followed.
- Overtime work is to be performed on a voluntary basis or as allowed by any prevailing collective bargaining agreement.

In Practice

- Company policies are in place defining working hours and policies regarding overtime work.
- Overtime work is paid in accordance with local law
- Workers receive one continuous 24 hr period off every 7 days. In the event that workers voluntarily forego this period to work overtime, a compensatory 24 hr period will be provided for the worker in the following 7 days.

8. **All workers are free to form or join trade unions or to refrain from doing so and bargain collectively**

Explanation

- All workers have the right to freedom of association and collective bargaining. There will be no harassment or intimidation to prevent workers from exercising or not exercising this right.

In Practice

- Company policies exist regarding the rights of employees to association and protect those who choose to and those who choose not to.

9. The health and safety of all workers is protected

Explanation

- Reasonable efforts to protect the health and safety of all workers are undertaken. This includes but is not limited to: the provision of personal protective equipment, use of machine or process guarding, establishment of safety procedures and worker training programs, the provision of a sufficient number of unimpeded building exits.

In Practice

- The company has a safety program that evaluates health and occupational hazards, takes actions to mitigate, and provides employees with training
- Workers are provided with personal protective equipment and required to utilize it.

10. All workers have access to fair procedures and remedies

Explanation

- In the event of dispute, workers will have access to procedures that allow for resolution that is fair and unbiased.

In Practice

- The company has a policy that allows workers to seek remedy for work related issues.
- The company has a policy against the abuse, intimidation or retribution against workers who exercise the dispute resolution policy.

11. Business is conducted in a manner which embraces sustainability and reduces environmental impact

Explanation

- All business operations and supply chain activities are conducted with the goal of protecting the environment

In Practice

- There is an active program to reduce the environmental impact of operations.
- All legal permits are in place regarding operations.

Vollrath Global Supplier Manual Acknowledgement

I have reviewed, fully understand and accept the business and process requirements in the Vollrath Global Supplier Manual. In the event that my company is unable to comply with any portion of this document, the discrepancy will be documented with Vollrath and resolution sought.

I have the authority to make this commitment on behalf of my company.

_____ _____

General / Plant Manager (Print Name) (Signature)

_____ _____

Contact Phone # Date

_____ _____

Quality Assurance Manager (Print Name) (Signature)

_____ _____

Contact Phone # Date

_____

Company Name (Please Print)