

Supplier manual

For suppliers to VBG Group Truck Equipment in Sweden and Belgium



 MEMBER OF VBG GROUP

Introduction

VBG Group Truck Equipment (VBG TE) is a member of VBG Group, an international industrial group with more than 1 700 employees in 17 countries. VBG Group was founded to create a safer society, and this is still what drives the company today.

VBG TE is part of the automotive industry supplying coupling equipment to customers worldwide. Our main production is located in Vänersborg, Sweden and we have our European logistic service center in Beringen, Belgium. We cooperate with suppliers mainly in Europe and Asia.

VBG TE strives to accomplish long-term and stable relationships with its suppliers, with continuing and stable partnerships that we can develop together.

The manual is to be seen as a complement to VBG's General Purchasing Terms and Conditions. In the event of any inconsistency between this manual, the specific contract or VBG TE purchase order terms and conditions, the contract or purchase order will control.

To ensure a good understanding of our demands and way of working, it is necessary for our supplier base to read and follow these guidelines.

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Sustainability focus going forward

VBG TE continuously work for an environmentally improved and safer society in all parts of the world. We are currently planning and setting our overall Sustainability targets and goals for the future together with VBG Group and we are aiming for areas such as:

- Resource-efficient transport solutions for reduced carbon emissions
- Increased personnel safety
- Increased proportion of renewable energy
- Reduced greenhouse gas emissions.

In the near future VBG TE will roll out our long term ambitions which also involve our suppliers focus on how we can achieve our joint sustainability goals. Until these are set and communicated, we expect our supplier to adhere to our current CoC, Code of Conduct and aim to live up to our Environmental demands.

Code of Conduct

All providers of goods and/or services to VBG TE shall be aware of the formal Code of Conduct that is implemented and adapted through all divisions of the VBG Group. The VBG Group encourages all our suppliers, consultants and other business partners within its sphere of influence to adapt to these principles. As a provider or potential provider of goods and/or services to VBG TE we expect you to adhere to and/or have the equivalent set of guidelines within your company for Business Principles, Environmental Principles, Human Rights and Workplace Practices.

Environment

VBG TE is certified according to ISO 14001. To become an approved supplier to VBG TE you need to ensure to live up to all local environmental legal demands and already have, or aim to have the environmental ISO 14001 certification or similar like EMAS certification. You should also be familiar and compliant with IMDS, SCIP and 3TG reporting as well.

Communication

A good communication is the key words for a successful relationship. Please distribute your organization chart with contact details as soon as there is an agreement in place. Please inform as soon as any contact details have been changed to the resp. contact at VBG TE.

VBG TE expect suppliers to work effectively and pro-actively towards a successful relation and encourage suppliers to rise suggestions for improvement. The VBG TE organization support our suppliers in every possible way and assume a mutual approach. Suppliers shall notify VBG TE prior of any change in their processes. It is also important to inform VBG TE prior of any changes regarding quality and environmental certificates.

Supplier Change Request (SCR)

The Supplier Change Request Form (SCR) is a standardized document for suppliers to notify VBG TE of any desired Product, Process or Supply Chain changes. When completed, this form should be e-mailed to your ordinary purchasing contact. It is important that no changes are implemented prior to written approval by VBG TE.

If you have any questions about the correct use of this document and process, please review "the Instruction" contained in The SCR spreadsheet or contact your ordinary purchasing contact.

Supplier Follow-up

Suppliers' performance regarding on time delivery, number of deviations and servicelevel is monitored, evaluated and reported every third month.

Annually VBG TE announces the "Supplier of the year" with best quality, highest delivery performance and excellent service level.



Logistics

Forecast

VBG TE provides forecasts on a regular basis. They show the predicted annual need of the specific part for a 12 months period, if nothing else has been agreed upon. For the weekly demand we ask the supplier to divide the annual number with 45 working weeks. The forecast should be used for planning reasons to buy raw material and to reserve capacity in-house. The forecast is not a committed volume.

Order

Each purchase order from VBG TE should be followed by an order confirmation within two working days.

If the supplier is not able to fulfill the VBG TE delivery demand, the supplier should inform VBG without any delay and agree upon solutions to avoid the risk of disruptions in the supply chain.

Invoice

The invoice shall refer to order number, part number and part description and be sent to the following e-mail if you supply to VBG TE Vänersborg Sweden accounting.sweden@vbggroup.com.

If you supply to VBG TE in Beringen, Belgium the invoices shall be sent to: invoice.beringen@vbggroup.com.

Delivery Performance

VBG TE expects all suppliers to aim for 100% on-time delivery performance with the agreed quantity, documentation, packaging and labelling.

Package

A packaging proposal from the supplier is encouraged. The packaging set-up is developed by VBG TE together with the supplier to be able to support the supply chain in the best possible way. The parts should be well protected to avoid damage during transportation and storage.

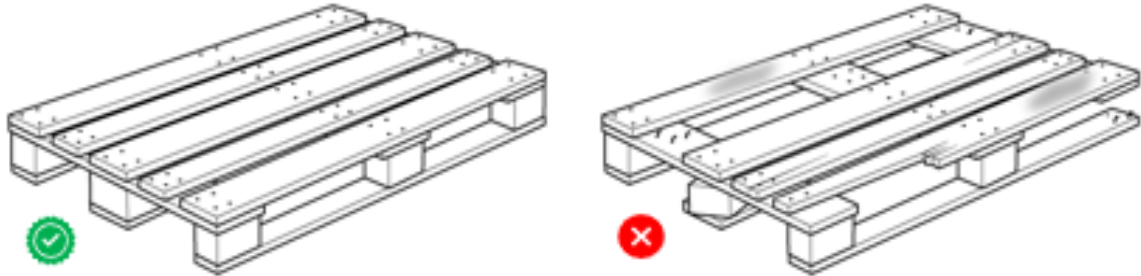
Detailed information such as type of packaging and quantity is specified on each purchase order.

Since VBG TE strives for better, more efficient use of resources, we kindly ask our suppliers to use packaging able to reuse and/or recycle.

Pallet Requirements:

As a general guideline all goods are to be loaded onto undamaged EU-pallets according to description below. The pallet should have collars and covered with a lid to make it stackable.

The goods should be strapped with plastic band to secure the package. Only one part number per pallet, unless otherwise agreed. Wooden material should aim for IPPC standard (International Plant Protection Convention). Total weight of a single palletized unit may not exceed 1000 kg.



Other requirements:

Sensitive parts must be packed with protective material. ESD (Electrostatic Discharge), VCI (Vapor Corrosion Inhibitor), MRA (Moisture Resistant Adhesive) must be used when specified.

Barcodes and labels

See separate document 01-179700

Transport

In general, FCA (free Carrier) named place of dispatch as per INCOTERMS 2020 is used if nothing else is agreed. VBG TE would like the supplier to book the transportation using VBG TE's account at a named forwarder. The account number is stated on each purchase order. More details re. booking is provided by the resp. material planner.

Delivery address is stated on each purchase order.

VBG TE would like a dispatch notice before arrival of the goods. Preferably via e-mail to material planner in charge.

All incoming goods shall have a consignment note. Dangerous goods should be marked accord. to valid transport regulations.

Every supply shall also have a visible delivery note attached outside the package. The delivery note shall refer to order number, part number and part description.

Required material certificate when specified should be included with the goods or via e-mail to the resp. contact.

Quality

VBG TE is certified according to IATF 16949 and ISO 9001 and works continuously to improve our quality standard in all aspects. Therefore, VBG TE expect suppliers to keep a high service and quality level throughout all the processes. When evaluating suppliers', quality is one of three key indicators.

To accomplish a successful relation VBG TE expect our suppliers to work based on stable and well implemented internal processes. It is also of great importance for both parties to have an accurate and continuously updated planning.

VBG TE expect our suppliers to be familiar with APQP, FMEA, SPC, MSA and PPAP.

Production Part Approval Process (PPAP)

The purpose of this procedure is to ensure that the products we purchase meets the specifications and demands that VGB TE have predefined in the purchase order. The initial sample is a part of the part approval and the PSW - Part Submission Warrant, with all requested documentation and samples shall be available or submitted on the agreed date to VBG TE for approval. This documentation shall show that all requirements specified in our drawings and specifications are fulfilled according to what has been requested in PPAP order.

The supplier shall enclose the requested PPAP documents the delivery or in other agreed ways sent to VBG TE and the delivery shall be clearly marked "Initial Sample". Shipping of serial production material is only allowed when the supplier have an approved PSW (Part submission Warrant) signed by VBG TE.



Deviation report system – AM system

To solve a deviation successfully, understanding it is a key factor. If product or service deviate this will result in a report in VBG TE's deviation reporting system – **the AM-system**. Suppliers of VBG TE are expected to use and respond in the AM-system. Supplier have to assign a responsible administrator, with contact information, for every report.

1. VBG TE Description of deviation

The deviation report will include as much information as possible. If there is any information missing or if any question occurs, please let issuer at VBG TE know. Defect description, pictures, drawings, amount of NOK parts and scrap parts. Scrapped parts and costs for sorting, adjusting etc. will cause additional cost for supplier.

2. Supplier actions and measures

- **Corrective action short time solution**

SQE at VBG TE requires an initial response with a short-term solution to the deviation within 24 hours of the report been issued. Suppliers have to check their stock prior to upcoming shipments. If the control affect delivery performance, supplier shall notify VBG TE logistics and SQE. VBG TE need supplier to fill in a break point in the system after short time solution is implemented. The break point is the date from where VBG TE can expect no-deviated parts.

- **Root cause analysis**

VBG TE expect supplier to have systemized ways of working to rise the root cause to the deviation. There are a lot of different methods to get to the root cause. VBG TE recommend suppliers to use the 5 Why-analysis, which is integrated in the AM-system.

- **Corrective measures and long term solutions**

A final solution (emerged from the root cause analysis) with an action taken to avoid repetition is required within 14 days' time.

3. VBG TE Follow up and verification part

When the deviation has been solved VBG TE will close the deviation report in the AM-system. VBG TE will then send a short summary of the deviation to the supplier.

VBG Truck Equipment

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