

Information for suppliers of Klüber Lubrication

Munich, July 2020

Dear suppliers of Klüber Lubrication

What do we expect of you - apart from products and services to be delivered in the quality agreed and on the date agreed? Our "guideline" and supporting documents will give you an overview of what is important for our cooperation. To give us, in return, an overview about your company, please make all basic information such as contact persons, certificates, etc. available in our supplier portal. As a matter of fact, a fair and successful cooperation is only possible if both parties know what they are talking about.

For specific topics it suggests itself to conclude agreements, specifications or contracts, which we will prepare with you individually and directly.

If you can foresee that you cannot meet any of the general expectations we ask you to contact us in time. We are confident to find a solution.

We look forward to a good and successful cooperation with you!

The Strategic Procurement Team
Klüber Lubrication

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1. Klüber Lubrication - the world market leader for speciality lubricants

Innovative tribological solutions are our passion. Through personal contact and consultation, ambitious technical concepts and outstanding speciality lubricants for complex, technological applications we help our customers to be successful – worldwide, in all industries and markets. What our customers appreciate is that we support them in meeting the challenges of their company and offer them leading technological and powerful solutions with long-term perspective.

The performance of our suppliers is a substantial contributor to our success. Now as before we rely on partners who react quickly, are flexible and develop continually. On partners who, like us, take responsibility for people, environment and employees - in everything we do. That's how we can embark on future projects together, push the limits again and again and set new standards.

For ensuring sustained profitability of our company we want to achieve more than just meeting the legal requirements and relevant standards.

- Quality: zero defects
- Environmental protection: zero waste and zero incidents
- Occupational safety: zero accidents
- Sustainability: acting ethically and responsibly in all areas

We also expect our suppliers to comply with our standards and pass them on to their suppliers.

Please see also our [Guideline for Quality, Environment, Occupational Safety and Health](#).

2. Supplier portal

All Klüber production plants worldwide procure production materials, many of them from internationally active suppliers. The bundling of information in a single electronic system helps us to network our activities more closely and also to make life easier for you as a supplier.

The complete registration in our supplier portal is a basic requirement to be approved as a supplier of Klüber Lubrication. In your profile you provide us with general information about your company and your product portfolio, contact persons, quality and other management systems.

The supplier portal provides you with information from our side, e.g. the supplier assessment, furthermore complaints are processed there, reminders about the update of ISO certificates etc. The range of functions of our supplier portal is constantly being questioned and, if necessary, expanded in order to make the processes on both your and our side as efficient as possible.

Most Klüber Lubrication companies and their suppliers are already working with our supplier portal. Those companies not yet linked will follow step by step. In the meantime, our responsible colleagues will approach you individually for supplier approval, supplier assessment, etc..

3. Ethical principles

Value-oriented and sustainable management has always been a pillar of our corporate culture. Acting responsibly in terms of people and nature is something we expect from our suppliers too. We have defined our expectations in Ethical Standards. They imply social, health, safety, environmental and economic aspects and are largely based on international agreements and principles such as the Universal Declaration of Human Rights, ILO (International Labor Organization) and the UN Global Compact, to which Klüber Lubrication committed itself as a company of the Freudenberg Group.

- Meeting our [Ethical Standards for suppliers](#) is one of the prerequisites for being approved as a supplier of Klüber Lubrication.

4. Environmental protection

It is a matter of course for our suppliers and a minimum requirement of us for them to comply with laws and rules. It would be ideal if our suppliers have an environmental management system in line with ISO 14001 and/or EMAS; we give preference to suppliers who are certified accordingly.

5. Quality management system

Both our suppliers and we are committed to the zero-error goal. Like Klüber Lubrication, they work on the basis of an up-to-date and efficient quality management system.

- Certification according to ISO 9001 by an accredited certification body is a prerequisite for cooperation. The certificate must bear the accreditation mark of a recognized IAF MLA member and the product offered must be in accordance with the scope of the certification.

As an IAF 16949-certified company dealing with customers from the automotive industry and other "sensitive" industries, we have to fulfil many quality management and process requirements which exceed ISO 9001 stipulations. We are obliged to transfer many of these requirements into our supply chain.

- We expect from our automotive-relevant suppliers that they are prepared to develop and improve their quality management system towards IATF 16949 requirements and, ideally, get the corresponding certification.
- Any change in the certification status needs to be notified to us immediately, this also applies to
- special status messages of automotive OEMs.

We will inform you individually about any further obligations and, if necessary, conclude a quality assurance agreement with you.

6. Audits

As part of our supplier management, an on-site audit at our suppliers' premises may be necessary. We expect you to agree to an audit and to cooperate accordingly by providing resources and documentation as well as follow-up work. Of course, we guarantee you absolute confidentiality.

7. Product quality

- ➔ Together with the supplier we clearly define the product quality in specifications using selected parameters.
- ➔ We expect the quality of shipment to comply with the specification agreed with you.
- ➔ Unless otherwise agreed, an analysis certificate has to be provided for chemical products, by no later than upon receipt of the goods.
- ➔ A shipment should consist of no more than two manufacturing batches.

Deviations from the agreed items result in a deduction of points in our supplier assessment (see point 15.)

8. Authorisations

Depending on the type of material and the intended use, different rules apply to our approval procedure. Therefore, we agree with our suppliers on approval criteria and authorisations for products, processes and services in each individual case.

9. Traceability of products

All materials of our suppliers have to be retraceable so that we are able to provide information to our customers and reconstruct causes if problems arise.

- ➔ Therefore, we need manufacturing batches and labelling data for both chemical products and packagings. Please refer to point 14 for the corresponding specifications regarding marking/labelling.

10. Product availability, changes, cancellations

Many of our products are subject to customer specifications. Therefore, we rely on long-term security of supply and early notification of changes of our suppliers. Ideally,

- ➔ you confirm availability of your products for a period of
 - 24 months for chemicals
 - 12 months for packaging materials.
- ➔ The same lead time is required for the notification of the termination of or changes in production.

We also require your information on other changes that may affect our business relationship, such as changes to product names, product specifications, distribution channels, change of company name, etc.

11. Legal and regulatory requirements

As a matter of course, our suppliers are bound to all relevant laws, standards, regulatory requirements and guidelines. This includes inter the following:

- REACH (Europe)
- GHS guideline
- Country-specific authorisations and listings in national chemical substances inventories.
- Directive 94/62/EC on Packaging and Packaging Waste (Europe)

- Directive 2008/47/EC on aerosol dispensers (Europe)
- National and international regulations on the labelling and transport of hazardous goods
- Requirements of the national and international export, customs and foreign trade law

If special regulations have to be complied with beyond laws and official requirements, we inform our suppliers individually.

As far as legal and official requirements are concerned, our suppliers have to provide us with various written information, e.g.

- ➔ information on the international approval of chemicals in chemicals registers as well as automatic information on changes in the listing status
- ➔ up-to-date safety data sheet for chemicals; in the case of changes we expect suppliers to automatically provide us with the updated version
- ➔ information on commercial and preferential origin, and, if applicable, a long-term supplier declaration for the preferential origin
- ➔ Klüber Lubrication produces in many countries of the world. Our customers use, import, export and sell our products also internationally. Here, country-specific legal regulations must be observed, which can only be complied with if the ingredients are known. Violation of such regulations can lead not only to prohibitions of use and marketing, but also to substantial financial damages and fines, as well as personal far-reaching penalties (entry bans, imprisonment). We must, of course, avoid such breaches.

In special cases, therefore, we need full and detailed disclosure of the composition of raw materials at individual substance level. Only in this way can we comply with national legal obligations. Should this be necessary, we naturally conclude a non-disclosure agreement with our suppliers, thus ensuring confidentiality.

12. Qualification of employees

We expect that all the employees of our suppliers are fully qualified for their tasks and that their competences and knowledge are kept up-to-date by adequate training.

- ➔ If special qualification features/competences are deemed necessary by us, we will inform you in each individual case.

13. Meeting deadlines

It is indispensable for our production planning that goods are available on the date agreed.

- ➔ We always need a written order confirmation within three work days upon receipt of our order.
- ➔ Delivery dates need to be confirmed with the exact date and not with "arriving approx.", calendar week, etc.

- ➔ If deviations from the delivery date are foreseeable - delivery dates or delivery volumes deviating from the order/confirmation - we need to be informed at least three days prior to the confirmed date of delivery.
- ➔ We expect the exact delivery date to be kept by the supplier.
- ➔ Late deliveries for which the supplier is responsible and which cause stock-out, give us reason for complaint and may result in downgrading of the supplier status.
- ➔ Special freights are to be avoided as they cause additional costs. Should special cargo shipments be required for reasons that are within your responsibility, we expect you to provide an overview of the amount, the costs as well as the reason on a quarterly basis.

Deviations from the aforementioned requirements result in a deduction of points in the supplier assessment (see point 15.)

14. Commercial-logistical requirements

Our requirements for the delivery of goods and general documentation are specified in the

- ➔ fact sheet "commercial-logistical requirements"

As some companies of the Klüber Lubrication Group operate under different circumstances, the fact sheet is site-related. Please follow the link to find the specific requirements for the individual Klüber Lubrication sites:

[Commercial-logistical requirements](#)

(please scroll down to the list "Information sheet commercial-logistic requirements" and select your Klüber company)

- ➔ In case you cooperate with logistical service providers, please ensure that our specifications are met by these providers as well.

If our customers have special characteristic requirements regarding packaging units or labels, these customer requirements will be passed on to our suppliers, where applicable. They will be part of the specification.

Deviations from the specifications agreed result in a deduction of points in our supplier assessment (see point 15.)

15. Supplier assessment

The performance of our suppliers is assessed at regular intervals. Every receipt of goods is checked and assessed in terms of

- product quality
- adherence to delivery dates
- commercial-logistical delivery quality.

From the total of the ratings we generate the yearly supplier assessment and inform our suppliers about their status.

Our supplier assessment serves as a basis for deciding on

- measures for supplier development
- selection of preferred suppliers
- if necessary, phasing out of low-performing suppliers.

For detailed information please refer to the information sheet "[Supplier assessment Klüber Lubrication](#)"

16. Complaints

We will inform our suppliers in time and in writing when deliveries give rise to complaints due to errors upon receipt of goods, during production or at the customer. Depending on the importance of the deviation, the supplier is requested to handle the complaint by means of the 8D methodology within the time limits requested. The overall goal is to identify the root cause precisely and establish appropriate corrective measures to prevent the same error from occurring again.

Additional costs caused by deviations from our suppliers will be passed on to them.

17. General terms and conditions of purchase

Unless otherwise agreed, our

→ general terms and conditions of purchase apply.

They are published for the individual companies of Klüber Lubrication:

[General conditions of purchase](#)

(please scroll down to the list "General conditions of purchase" and select your Klüber company)

18. Secrecy

Our suppliers undertake not to disclose to third parties any information concerning the cooperation with Klüber Lubrication. Klüber Lubrication also undertakes to maintain secrecy, e.g. in the case of recipe disclosures. Relevant details are stipulated in a non-disclosure agreement.