

Purchasing guideline (Issued: 30/11/2016)

About us

With its three business areas of automotive, heating + water and flowforming, the Winkelmann Group is one of the leading groups of companies in the field of metal forming and has renowned customers in various industries.

With its head office in Ahlen/Germany and production plants in Germany, Poland, Turkey, China, USA and Mexico we have a global presence and are well positioned to meet the current and future requirements of our customers and world markets.

I. Purchasing principles

1. Purchasing objective

The Strategic Purchasing Department of the Winkelmann Group contributes, through its actions, to securing and expanding the market position of the company by procuring serial parts, capital goods and services.

The objective is high delivery reliability, maximum flexibility, competitive prices and quality while adhering to all current laws, regulations and standards.

2. Partnership-based dialogue

The success of the Winkelmann Group is based on a long-term partnership with its suppliers. This partnership creates benefits for both parties and occurs against a background of fairness and loyalty.

The Winkelmann Group and its suppliers are involved in a partnership-based dialogue with an intense exchange of information and experience. Contributory to this are, amongst other things, regular on-site visits which help the specialist partners on both sides to get to know one another.

Our suppliers observe and accept the Winkelmann Group Supplier Code of Conduct. This can be viewed on the Winkelmann Group homepage. The **Supplier Code of Conduct** regulates general ethics principles, human rights, working conditions, environmental standards and management systems.

3. Compliance

The distribution of the products of the Winkelmann Group as well as the procurement of the materials and services needed for manufacturing are subject to national and international regulations, including those of competition law. We expect our business partners to comply with these rules which ensure competition and equality of opportunity in international markets.

Within the scope of business relationships, both the Winkelmann Group and its suppliers exchange partially confidential information. This is subject to the two-way **Confidentiality Obligation**. This must be signed by both parties at the start of the business relationship and forms part of the general contract design.

II. Purchase and delivery conditions

The Winkelmann Group agrees contracts with its suppliers by applying the **General Purchasing Terms and Conditions** in their applicable form and for the respective national location. These can be found on the homepage of the Winkelmann Group and regulate essential details.

We expect absolute reliability from our suppliers and reliable statements about delivery quantities and delivery times. Open, pro-active and prompt communication in the event of apparent discrepancies in respect of quantity, quality or deadlines are important foundations for partnership and cooperation.

Logistic framework conditions such as packaging regulations, traceability, batch management or requirements in respect of the necessary accompanying paperwork must be observed. They simplify the logistics processes and lead to shorter processing times up to settlement of invoice.

III. Prices and contract design

The Winkelmann Group operates in a dynamic environment with many national and international competitors.

It is the aim of the Winkelmann Group to offer a superior price/performance ratio in all of its business areas! The essential value contribution of purchasing is effective use of the global procurement market. Here the world market cost level is the decisive benchmark.

The aim is to constantly lower production costs and optimise production efficiency. In this respect internal procedures and processes are permanently under test. Suppliers support us through active involvement in the selection of suitable manufacturing technologies, improvement suggestions for the use of materials and as necessary material substitutions, willingness to participate in common design and development, and an active value analysis.

Prices and price components will be fixed in writing by means of framework contracts or individual orders with suppliers and are binding for the agreed term.

IV. Quality

Essential to the success of every entrepreneurial activity is the quality of the resulting products or services. The products of the Winkelmann Group must fulfil a wide range of standards and requirements that arise from the various application areas in customer products. High pressure fuel pipe systems in internal combustion engines or pressurised expansion tanks with drinking water approval – here only outstanding quality ensures long product life cycles and safe operating conditions.

The suppliers of the Winkelmann Group make a major contribution to achieving and maintaining the quality characteristics that are required by our customers. This requires a two-way, close cooperation and the use of the latest quality systems. The technical documentation (specifications) provided by the Winkelmann Group are part of the contract and must be complied with. During the project phase, technical support is provided by supplier management up until series-production readiness. The general requirements for our suppliers are described in the **Quality Assurance and Environmental Protection Agreement** of the Winkelmann Group. These quality assurance conditions contain regulations for suppliers in respect of the requirements of the quality system and for achievement of the "zero defect target". Through use of defined escalation criteria we ensure together that during the project phase, critical issues are resolved in a targeted manner by use of a process or product FMEA. We agree additional individual **quality target agreements** with selected suppliers.

V. Supplier development

The Winkelmann Group relies on efficient and innovative suppliers. We want to work with them in long-term and trust-based cooperation. We are constantly developing our suppliers through active supplier management. Our aim is to make all suppliers into a "A-list" suppliers. In this respect, our annual supplier assessment helps to determine the strengths and weaknesses of individual suppliers and then in cooperation with them to uncover individual solutions and areas of potential improvement.

Winkelmann Group's Strategic Purchasing Department regularly awards the "Supplier Award" in 9 different categories to outstanding suppliers. In doing so we highlight those suppliers who have in a particular way contributed to the success of the Winkelmann Group.