



# Supplier Manual

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## 1. Introduction

### 1.1. Scope and Validity

All previous versions of the Supplier Manual published by Benecke-Kaliko AG or Konrad Hornschuch AG which stipulate requirements for Suppliers and their products of the Continental Surface Solutions are no longer valid.

The only valid Supplier Manual for the Continental Surface Solutions and its group companies for raw materials is this Supplier Manual in its digital version on the Internet.

The intention of this manual is to provide detailed information on the requirements, expectations and policies of the Continental Surface Solutions with respect to its Suppliers which are binding and valid for all business agreements concluded between the Continental Surface Solutions and the Supplier.

This manual is an essential part of any agreement in the field of purchasing between the Continental Surface Solutions, the Supplier and the legal requirements. Unless explicitly agreed in a letter drawn up by the Continental Surface Solutions, the Supplier must comply with the provisions agreed in this manual. In the event that a provision in this manual cannot be complied with, all other provisions remain in full force and full effect.

Compliance with all of the provisions referred to in this Supplier Manual is essential and obligatory, which is why the Supplier must inform all of the employees involved about the contents of this manual.

## 2. General Requirements

### 2.1. BASICS

BASICS describe the vision, mission and values of the Continental Surface Solutions, as well as the resulting conduct which is required. The aim is to build up co-operation over the long term which is based on partnership with our Suppliers – Suppliers who commit themselves beyond the basic requirements such as technical specifications, quality, costs, service, technology and sustainability and, together with us, want to face up to the challenges of the future with regard to the impacts of our actions on the environment and society.

In short, this is what the Continental Surface Solutions stands for and how the Continental Surface Solutions would like to work together with its Suppliers.

The sustainable management and social responsibility of the company form part of the fundamental values of the Continental Surface Solutions. The Continental Surface Solutions also demands a high level of social and ecological responsibility from its Suppliers, as well as the obligation to maintain quality consistently and in accordance with the principles of the Continental Surface Solutions. For this purpose, the Continental Business Partner Code of Conduct is also available on the Internet, the current version of which is also binding for every Supplier of the Continental Surface Solutions.

### 2.2. Supplier Release

New Suppliers go through an approval process that starts with the Supplier Self-Assessment.

#### 2.2.1. Supplier Self-Assessment

A Supplier self-assessment requires the completion of the Supplier Self-Assessment Questionnaire and the submission of further documents which are referred to in the Supplier Self-Assessment Questionnaire.

After the documents have been submitted, the Benecke-Hornschuch Surface Group carries out an internal review based on the information received and the product risks. It is also determined whether any further measures are necessary.

#### 2.2.2. Supplier Site Assessment

After the Supplier Self-Assessment and the internal review, the Continental Surface Solutions decides whether to conduct an audit (VDA 6.3 Potential Analysis or Site Assessment).

These audits are carried out at the production sites and contain reviews of the company in terms of its technology, supply, quality and costs/finances. A successful audit is required even before the plant becomes a certified supply source of the Continental Surface Solutions.

### 2.2.3. Prerequisites for Supplier Release

- › The Supplier's Quality Management System is certified according to ISO 9001 (latest edition).
- › IATF 16949 certification of the Supplier's Quality Management System is desirable.
- › Certified environmental management (e.g. ISO 14001) is desirable.
- › Certified energy management (e.g. ISPO 50001) is desirable.
- › The Supplier signs and accepts the Continental Business Partner Code of Conduct.
- › There is a Non-Disclosure Agreement in existence between the Parties.
- › The Supplier has taken out product liability insurance.

### 2.3. Raw Material Release

After the Supplier has been approved, all new or modified raw materials are subjected to an approval process, which is carried out by the Materials Development Department of the Continental Surface Solutions. During the release process, the material is tested in the laboratory and in test production on products from the Continental Surface Solutions in order to guarantee the suitability of the raw material – also in terms of environmental protection and occupational safety. The Materials Development Department has the authority to decide whether testing of the raw material is necessary. After it has been released, a raw material is approved for a particular application. The release of a material can be limited to certain applications or production sites of Continental Surface Solutions AG. The Supplier undertakes to create and maintain a product life cycle for each of its products supplied to the Continental Surface Solutions.

#### 2.3.1. GADSL (Global Automotive Declarable Substance List)

The Supplier undertakes to declare chemical substances that are listed in the current GADSL in each case and contained in its raw materials above the detection limit to the Continental Surface Solutions. If GADSL updates mean the ingredients of the raw materials become subject to compulsory declaration, the BHSg must be informed of this within 45 days.

#### 2.3.2. IMDS (International Material Data System)

International legislation (EU End-of-Life Vehicles Directive, hazardous substances legislation, etc.) has stipulated since 2015 that 95% of a car must be recyclable and re-usable. This means that every Supplier to the automotive industry is obliged to provide information about the material used in the product in order to be able to trace back the material compositions and categorise these various materials according to the level of danger that they represent. The IMDS is an electronic tool developed by the automotive industry that maps the required data. It is desirable that the Supplier fulfils its duty of declaration using IMDS.

### 2.3.3. Biocide Regulation EU 528/2012

The Biocide Regulation governs the placing on the market and use of biocidal products. All biocidal products must be approved before being placed on the market and the active substances contained in the biocidal products must have been authorised beforehand. The active substance must be assigned to one of the 22 product types. When raw materials containing biocidal active ingredients are supplied, these active ingredients must be declared.

### 2.3.4. REACh Regulation EC 1907/2006

The Continental Surface Solutions is obliged to comply with the REACh Regulation. The Benecke-Hornschuch Surface Group therefore expects its Suppliers who supply Benecke-Hornschuch Surface Group plants within the European Union to register all of the required components which are subject to compulsory registration. The registration number of the chemical substances in mixtures is to be indicated in the safety data sheet. If registration is not required, the Continental Surface Solutions Purchasing Department must be informed by a Declaration of Conformity. Registration can be carried out by the Supplier itself or by any third-party representative person if the Supplier is based outside the European Union.

The Continental Surface Solutions must be informed immediately if components contained in raw materials are included in Annexes XIV or XVII of the REACh Regulation. In the event that the Supplier would like to or is forced to withdraw one of its products from the market, the Continental Surface Solutions must be informed immediately so that an alternative solution can be sought together.

### 2.3.5. End-of-Life Vehicle Directive ELV 2000/53/EC

Directive 2000/53/EC regulates the material recyclability of cars within the European Union. Since 2003, this Directive has contained a list of prohibited substances. This must be complied with. If ingredients contained in raw materials are affected by this when this list is updated, the Continental Surface Solutions must be informed in good time.

### 2.3.6. CLP Regulation EC 1272/2008

The CLP Regulation (Regulation on Classification, Labelling and Packaging of Substances and Mixtures, in force since 2009) aims to ensure a high level of protection for human health and the environment. Insofar as changes are carried out to the classification or labelling of chemical substances, mixtures or certain specific products delivered to the Benecke-Hornschuch Surface Group on the basis of other laws, regulations or

scientific data, the Continental Surface Solutions must be informed immediately and the safety data sheet made available pro-actively within the statutory period.

### 2.4. Conflict Materials

The Continental Surface Solutions encourages its Suppliers to refer to certified Conflict-Free Smelters (CFS) wherever possible. The Continental Surface Solutions collects due diligence information on conflict materials of the Suppliers in order to be able to make smelter names, contact information, the country of manufacture, etc. available.

Further information on the conflict materials can be found by following this link: <https://www.continental-corporation.com/en/sustainability/general-information/conflict-minerals-63226>

The Supplier warrants that both the laws and regulations of the country in which the goods are manufactured, as well as the laws and regulations of the countries in which the goods are to be sold, are being complied with. In the event that services and/or items of work are to be performed, the General Purchasing Conditions of Continental Aktiengesellschaft and ContiTech AG and their group companies shall apply accordingly.

### 2.5. General Product Liability Insurance

#### 2.5.1. Suppliers outside the USA/Canada

The Supplier is requested to take out public product liability insurance covering the USA and Canada. The scope of coverage of the economically justifiable limits for damage is applicable to foreign jurisdiction, which includes personal injury, property damage – as well as pain and suffering in Brazil – and takes into account the risk potential of the service that is being provided.

A limit of five (5) million euros per claim and ten (10) million euros in the total yearly amount is considered economically justifiable in all cases.

At the request of the Benecke-Hornschuch Surface Group, the Supplier must submit an annual confirmation of cover for the current third-party liability insurance.

#### 2.5.2. Suppliers in the USA/Canada

The Supplier undertakes to require all agents or sub-contractors that supply a product or provide services during the term of this contract and any extensions thereto to take out insurance cover with an insurance company listed in the current "Best's Insurance Guide" with a minimum financial strength of "B ++"; this applies to the following insurance policies:

- (A) Commercial liability insurance for personal injury, property damage, personal and advertising claims, self-employed entrepreneurs, contract liability and products and public liability insurance taken out for \$1 million (one million dollars) per claim / \$1 million (one million dollars) annual aggregate. The policy must provide worldwide cover, including the USA/ Canada, for claims under the applicable foreign jurisdiction.
- (B) Professional indemnity insurance for all owned and rented vehicles and those which are not owned for personal injury and property damage with a combined individual limit of \$1 million (one million dollars) per claim.
- (C) Workers' compensation insurance within the legal limits, including third-party liability insurance for \$1 million (one million dollars) per accident, any illness, any employee, including a waiver of claims subrogation within the framework of the policy (Benecke-Hornschuch). If necessary, the cover must also include the cover and marine insurance services of US dockworkers and dockworkers.
- (D) Umbrella liability/exceedance of liability that provides coverage beyond the limits stated in A, B and C (only for employers' liability), with a limitation of liability of at least \$6 million (six million dollars). The umbrella/excess policy must exceed the primary policies referred to in A, B and C (only for employers' liability) and be extended to include "drop-down" in order to prioritise in the event that the primary limits are reduced or the aggregated limits are exhausted. The cover under this Section D is not required if the cover under Section A provides for a

combined individual limit of six (6) million \$ for all of the forms of cover listed therein. For higher risk items, the Supplier is requested to increase the umbrella limit to at least \$10 million (ten million dollars).

- (E) The Supplier shall add Benecke-Hornschuch as an additional insured party to the general liability insurance guidelines required here. The Supplier agrees that this insurance shall take precedence over any other insurance that exists within the scope of this agreement. The Supplier shall issue a waiver of claims in favour of Benecke-Hornschuch within the framework of all guidelines required herein.
- (F) The Supplier shall submit the insurance certificates to Benecke-Hornschuch prior to the execution of this Agreement which provide evidence of the required cover. The Supplier shall send Benecke-Hornschuch a 30-day written notification of any cancellation, non-renewal or significant change in the required coverage.

## 2.6. Information Obligations

The Supplier shall immediately inform the Continental Surface Solutions if there are deviations from the requirements stated in this manual, if there are deviations from the applicable legal documents, or if there is a suspicion that faulty products have already been delivered.

The Supplier shall inform the Continental Surface Solutions immediately of any changes in the production process, in the production plant or in the event of a change of ownership.

## 3. Environmental

### 3.1. Environmental Requirements

The Supplier shall ensure compliance with all relevant legal environmental requirements (international, national, state, regional and local, etc.). This includes the effective use of environmentally relevant resources such as water, earth and air, as well as the minimization of direct, indirect and cumulative environmental impacts such as emissions into the atmosphere, discharges into water or soil, release of noise-intensive energy and generation of waste. The stages of the product's life cycle must also be taken into account. The implementation of an environmental management system is recommended as a supporting instrument for systematic evaluation of the environmental status and realisation of continuous improvement of environmental performance. Certification according to DIN EN ISO14001 is therefore desirable.

### 3.2. Environmental Influences on Air, Earth and the Natural Surroundings

The Supplier must take suitable measures to minimise a negative effect on the environment, e.g. through leaks, and to document this continuously. Influences on air (through certain organic compounds, dust, greenhouse gases), contamination of water and soil (through oil, particles and chemicals) and the natural environment must be avoided.

### 3.3. Energy and Resources

The Supplier undertakes to use and deploy energy and resources in an ecologically meaningful manner and to continuously improve its environmental behaviour as a task for the entire organisation. These include:

- › Integrating sustainability into business decisions
- › Responsible use of natural resources and efficient use of energy
- › The introduction of cleaner production and pollution prevention measures
- › Designing products, materials and technologies according to the principles of sustainability
- › Examination of the possibility of using renewable raw materials

## 4. Logistics

### 4.1. General Terms and Conditions of Purchase

Unless otherwise stated in a letter from the Continental Surface Solutions, the "General Purchasing Conditions of Continental Aktiengesellschaft and ContiTech AG and their group companies" shall be regarded as an integral part of the contract for the Continental Surface Solutions as soon as an order is accepted. Any sales conditions or an order confirmation from the Supplier are not valid. This shall also apply if Continental Surface Solutions does not expressly object.

### 4.2. Logistics Process

The goal of the Continental Surface Solutions is to optimize all processes of the entire logistics chain, from the Supplier and the Continental Surface Solutions to the customer of the Continental Surface Solutions, in the interest of everyone.

To make the supply chain smoother and with as little contact as possible, it may need to be redesigned to optimize the logistics chain. The Continental Surface Solutions expects active cooperation in every proposed change in the logistics chain.

### 4.3. Emergency Management

#### 4.3.1. Allocation of Resources

The Supplier must ensure that resources are allocated in such a way that reliable delivery of the products to the Continental Surface Solutions is possible.

The Supplier is obliged to maintain an adequate stock of goods which always exceeds the delivery quantity. This stock must be guaranteed at all times – even during maintenance periods.

In addition, the Supplier must inform the Benecke-Hornschuch Surface Group six (6) months in advance of any maintenance period.

#### 4.3.2. Relocation of the Production Facility

In order to avoid supply bottlenecks, the Supplier must inform the Continental Surface Solutions at least twelve (12) months in advance of a relocation of a production site and its subsequent steps to maintain the supply chain.

#### 4.3.3. Emergency Plan

The Supplier must draw up an emergency plan and implement it within his organization in the event of disruptions affecting the supply chain and further supply of products to the Continental Surface Solutions.

Disturbances can be:

- › Relocation of machines and tools
- › Delays or damage to the delivery
- › Non-conformities
- › Breakage of tools or machines
- › Disturbances of the delivery of the subcontractors
- › Computer/network problems

The Supplier must further develop the emergency plan and implement it in his operational processes in order to ensure smooth run in case of such disruptions. Upon request by the Benecke-Hornschuch Surface Group, the Supplier shall submit his emergency plan to the Continental Surface Solutions.

In the event of the above-mentioned disruptions, the Supplier shall inform the Benecke-Hornschuch Surface Group immediately in order to guarantee effective cooperation and corresponding deliveries to the Continental Surface Solutions in good time.

### 4.3.4. Escalation Procedure

If the remedial measures initiated by the Supplier or the Supplier's reaction do not meet the necessary requirements in relation to the complaint that has arisen, the inclusion can take place in one of the 3 escalation stages.

Criteria for this can be:

- › Repeated incorrect deliveries
- › No effect on shutdown measures – Repeat errors despite completed shutdown problem solving process (8D)
- › Defective complaint management
- › Target agreements are exceeded on a long-term or multiple basis

Additional criteria can also be taken into account:

- › Meaning of the error
- › Consequence of the error on internal production
- › Consequence of the error for the production of the customer of the Continental Surface Solutions

Depending on the situation, the direct entry in level 2 – 3 can take place, too.

#### Escalation level 0 (ES 0) – Standard process

In the standard process (escalation level ES 0), deliveries are checked at goods receipt in accordance with the agreed specifications and, in the event of deviations, complaints are made.

After a complaint, the responsible SQA officer can request a special inspection by the Supplier by triggering

a Supplier complaint for individual deliveries, e.g. 100% inspection of the next deliveries. This requirement applies to the feature in question and the product in question.

#### Escalation level 1 (ES1) tightened process

If the quality problems caused by the Supplier become more frequent, the SQA officer can make increased demands on the Supplier's inspection of the goods.

For this purpose, Controlled Shipping Level 1 or 2 (CSL1 or 2) can be applied.

The Supplier will be informed in writing about the escalation status and asked to draw up and follow up a separate action plan. The action plan must be available within two (2) working days.

If, thanks to suitable corrective measures, the Supplier has not caused any further complaints over a period specified by Continental Surface Solutions, the escalation level shall be downgraded from ES 1 to ES 0 via a formal status report.

#### Escalation level 2 (ES 2) – Warning

Should the Supplier cause further quality problems during the period in which he is classified at escalation level ES 1, the Continental Surface Solutions may escalate further and impose escalation level ES 2. The Supplier is formally informed of this in a status report. Additionally, it can also be classified as Controlled Shipping Level 1 or 2 (CSL1 or 2).

In the case of particularly critical errors, escalation level ES 2 can also be imposed without prior classification in ES 1.

In addition, the Supplier's quality manager is invited to an escalation meeting at the Benecke-Hornschuch Surface Group.

If, thanks to suitable corrective measures, the Supplier has not caused any further complaints over a period specified by Continental Surface Solutions and has fulfilled any additional conditions specified, the escalation level shall be downgraded from ES 2 to ES 1 or ES 0 via a formal status report.

#### Eskalationsstufe 3 (ES 3) New Business on Hold (NBH)

If all activities do not lead to a significant improvement in quality or if the escalation level ES 2 is too long, the Supplier is temporarily blocked for orders for new projects by assigning the status New Business Hold (NBH).

When ES 3 is reached, the following measures are initiated, among others:

- › Invitation of the Supplier's management to an escalation meeting at the Continental Surface Solutions premises
- › Blocking the Supplier for new projects/developments

This is formally communicated to the Supplier's management through a status report, which also defines the criteria to be met for the cancellation of the New Business Hold status.

Other reasons for granting New Business Hold status may include:

- › The certification of the quality management system has expired or is invalid.
- › Lack of cooperation of the Supplier regarding necessary corrective measures
- › Lack of security of supply

The withdrawal of the New Business Hold status will only take place after the effectiveness of the defined measures has been reviewed by the Benecke-Hornschuch Surface Group and will be formally communicated to the Supplier in a status report.

#### Description of the Controlled Shipment Levels

Controlled Shipping Level 1 (CSL 1) means that the Supplier must carry out a 100% inspection for the material numbers and characteristics specified by Continental Surface Solutions before each delivery to the Continental Surface Solutions in addition to the normal inspection scope. The Supplier communicates the results from CSL 1 or 2 in a predefined form and interval. The tested products, as well as the packaging, must be marked separately.

Controlled Shipping Level 2 (CSL 2) means that the Supplier must have an external service provider perform a 100% check for defined material numbers and characteristics in addition to his normal inspection scope before each delivery. The Supplier shall prepare a sorting instruction for the external service provider which must first be approved by the Continental Surface Solutions. The Supplier is responsible for the proper execution of the sorting work, the documentation of the results and the quality of the delivered products.

The tested products as well as the packaging must be marked separately. The type and content of the marking must be agreed with the Continental Surface Solutions.

The Supplier communicates the results from CSL 1 or 2 using a status report in a predefined form and interval.

#### 4.4. Data and Quantities in Purchasing Documents

Purchasing documents published by the Continental Surface Solutions inform the Supplier of current requirements. The data and quantities recorded in the documents are binding on the Supplier. All data and quantities specified in the purchasing documents shall be deemed to have been approved by the Supplier, unless the Supplier has raised an objection which must be received within three (3) days of publication of the purchasing document. Any additional costs caused by the delivery (premium freight) and/or internally at the expense of Continental Surface Solutions due to delivery difficulties on the part of the Supplier shall be borne and compensated by the Supplier.

The Supplier must inform the Continental Surface Solutions of any "premium freight" deliveries.

#### 4.5. Delivery

The Continental Surface Solutions is permitted to implement consignment warehouses in order to guarantee optimum delivery from the Supplier's production site to the Continental Surface Solutions plant. For other reasons, too, Continental Surface Solutions is permitted to implement a consignment warehouse, for example to optimize the logistics chain between the Supplier and Continental Surface Solutions (VMOI).

The provisions for handling the consignment stock must be clearly defined for each individual case and recorded in a "Consignment Stock Agreement" and/or "VMOI Agreement" with the Supplier. These consignment warehouse agreements must be compatible with the applicable laws of the respective Continental Surface Solutions plant

#### 4.6. Specifications for Purchasing

The purchasing specification contains the following elements for all products:

- › Material Specifications
- › Safety Data Sheet
- › Packaging specifications (supplied by Benecke-Hornschuch Surface Group or Supplier)
- › Transport specifications (supplied by Benecke-Hornschuch Surface Group or Supplier)

A purchasing agreement between Continental Surface Solutions and the Supplier is only valid if all purchasing specifications are available and have been agreed between Continental Surface Solutions and the Supplier.

#### 4.7. Safety data sheet (MSDS)

The Supplier must supply the latest version of the MSDS in accordance with the legislation of the country of delivery concerned (in Europe according to REACH Regulation EC 1907/2006 Article 31, paragraph 9 (update of the MSDS) and Regulation (EU) 2015/830).

The MSDS must be available in the respective national language of the location by the day of delivery of the Continental Surface Solutions at the latest.

Suppliers shall update the safety data sheet as soon as:

- › new information that may have an impact on risk management measures or new information on hazards becomes available.
- › an authorisation has been granted or refused.
- › a restriction has been imposed.

The new, dated version of the information shall bear the words "revised on...(date)" and shall be made available on paper or electronically free of charge to all previous purchasers to whom the Suppliers have supplied the substance or mixture in the previous 12 months. For post-registration updates, the registration number is provided. The Supplier should keep the MSDS in the German database ISI and provide the responsible person at Continental Surface Solutions with access to this database.

For materials purchased in or imported into the USA:

- › The Supplier warrants that all components of the product are listed in the Toxic Substances Control Act (TSCA) maintained by the United States Environmental Protection Agency (US EPA).
- › The information specified in the MSDS must comply with the minimum requirements of the Hazard Communication Standard as announced on March 26, 2012 (29 CFR 1910.1200).

#### 4.8. Terms and Conditions of Supply

Continental Surface Solutions and the Supplier must agree on delivery terms in accordance with the Incoterms (latest version) in order to avoid misunderstandings and possible legal disputes (e.g. in the event of damage).

Any costs incurred by the Supplier to comply with the terms of delivery shall be borne by the Supplier.

#### 4.9. Packaging and Transport

Standards such as ISO and DIN are available in the trade. Continental Surface Solutions is not authorized to pass these documents on to Suppliers.

##### 4.9.1. Standard requirements for packaging

To ensure safe handling (in accordance with accident prevention or other regulations) and smooth operations, the Supplier must ensure that all products are packaged and transported in accordance with the requirements specified in this paragraph.

Hazardous materials must be appropriately packaged and labelled in accordance with current laws and regulations and accompanied by the current version of the MSDS.

Dangerous goods must also be appropriately packed, marked and transported in accordance with current

legislation (e.g. ADR in Europe) and regulations of the relevant country (including transit countries).

The Continental Surface Solutions's basic requirements for the load carriers used for shipping the products are:

- › The packaging material must be reusable or recyclable.
- › During incineration, the packaging material must be free of CFCs, chlorine-free, chemically inactive, groundwater-neutral and non-toxic.
- › If wooden packaging material is used, it must be ensured that it is free of biocides according to the current legislation of the recipient country as well as transit countries (e.g. EU Directive 98/8/EC in the current version).

The use of methyl bromides in the treatment of wood is not permitted for deliveries to the EU.

- › Metal or plastic pallets should be used for chemicals or fillers. Wooden pallets are not desired for this, but are accepted. These must be covered by a plastic tarpaulin before loading.
- › For material reinforcements (steel wire, core wire and textiles) the specific requirements in the documents (which will be sent to the Supplier on request) must be met

- G8 Packaging and general requirements for steel wire (EU)
- G8 Packaging and general requirements for steel wire (NAFTA)
- G9 Packaging and general requirements for core wire
- G2/ G3 Packaging and general requirements for textiles.

- › Metal or plastic pallets should be used. The packaging must be cleaned before use.
- › Packaging material and damaged equipment (through strong deformations, holes etc.) which could damage or contaminate the product must not be used for the packaging/transport.
- › As soon as damaged packaging is discovered during the process, it must be taken out of circulation and replaced immediately.

Material or site-specific packaging requirements must be agreed with the respective location and the Supplier on a case-by-case basis. To ensure safe handling (in accordance with accident prevention or other regulations) and smooth operations, the Supplier must ensure that all products are packaged and transported in accordance with the requirements specified in this paragraph.

Hazardous materials must be appropriately packaged and labelled in accordance with current laws and

regulations and accompanied by the current version of the MSDS.

Dangerous goods must also be appropriately packaged, marked and transported in accordance with current legislation (e.g. ADR in Europe) and regulations of the corresponding country (including transit countries).

#### 4.9.2. Standard requirement for pallets

The Supplier must ensure that the pallets delivered to Continental Surface Solutions meet the requirements defined in this section:

- › Materials
    - Metal, plastic (mono plastic material for non-recyclable pallets) or wood
  - › Design
    - 4-way pallets (can be handled on four (4) sides), at least three (3) runners
    - Minimum height 140 mm
    - Minimum height of openings for the fork: 100 mm
  - › Properties
    - The minimum load capacity for a distributed load is 1000 kg per pallet or at least the weight of the product to be carried.
    - The load capacity of a single pallet when stacked is at least 4000 kg.
    - The Charpy minimum impact strength is 10 KJ/m<sup>2</sup> (dry; 23 deg. C), UIC 435 and DIN 15158-1 must also be observed.
    - The residual moisture content of wooden pallets must not exceed the value specified by the Benecke-Hornschuch Surface Group.
- All the above tests must be carried out in accordance with ISO 8611-1.
- A safety factor of two (2) must be achieved for rigidity (see DIN 15158-1).
- › Colour
    - Plastic palettes are preferably in light colours (black or dark colours are not wanted but are accepted)
    - Metal or wooden pallets should be colourless
  - › Ecology
    - Pallets must be recyclable (at least)
    - Pallets should be recyclable (preferred)

#### 4.9.3. Standard of the flexible bulk container FIBC (also known as "bulk bag" or "big bag")

The Supplier must ensure that any FIBC supplied to the Continental Surface Solutions complies with ISO 21898. FIBCs for explosive or highly flammable substances must also comply with IEC 61340-4-4 (conductivity).

#### 4.9.4. Standard Transport Requirement

To ensure that product-specific properties are maintained during loading and transport and to avoid damage or contamination during loading or transport, the Supplier shall ensure that all products are loaded and transported in accordance with this paragraph.

The loaded products must be protected against environmental influences such as light, oil, dust, dirt, water and temperature by taking suitable precautions. Transport goods and aids must be covered accordingly, e.g. by protective films or truck roof tarpaulins. When products are shipped by other modes of transport such as sea or air transport, the applicable regulations for packaging, labelling, load securing and compliance with maximum shipment quantities must be imperatively observed and documented in the shipping documents.

To minimize other hazards during transport, the following must be avoided

- › protruding nails or screws that could damage the material,
- › eaky/damaged covers, side walls or roofs, and
- › any contamination of the loading area (e.g. by dust, dirt, rust, acids, lubricants, oil, water, etc.).

For trailers with tarpaulins, the following additional checks must be carried out:

- › A separating plastic film at least 2 mm thick must be used.
- › Loaded goods must be specially secured to prevent damage in the event of fluctuations or movements.
- › The products on the lowest pallet must not be contaminated, crushed or damaged by pallets above it.
- › Safe unloading of pallets must be guaranteed.

A loading checklist must be used. Sufficient light must be provided during loading. The checks also include the interior of the loading area (subfloor, roof, right and left sides, rear). If non-conformities occur during the checks, these must be documented and measures to eliminate the non-conformities must be defined. The means of transport are not loaded until all checks have been completed and all non-conformities have been eliminated. A local procedural/emergency concept must exist, which must be available in the event that the

means of transport have been rejected due to non-conformity and the problem cannot be solved promptly.

Full containers/trailer loads must be delivered in one piece. Any reloading is prohibited. Upon request of the Continental Surface Solutions, the container/truck can also be sealed.

#### 4.10. Product Markings and Labels

The Supplier must ensure that all lettering is horizontally legible and sufficiently robust to ensure that the agreed position is maintained. In applicable cases (e.g. boxes, pallets etc.) two (2) markings must be present. One (1) on the short side of the load carrier and one (1) on the long side of the load carrier. Supplier shall ensure that all fasteners do not obstruct the view of the labels and that all old labels have been removed before dispatch. Additional labels must be applied at the request of the Continental Surface Solutions for specific products. Continental Surface Solutions will then contact the Supplier in individual cases.

If additional markings have been agreed, they must remain attached.

##### 4.10.1. Packaging unit

The Supplier must ensure that each individual packaging unit of the product is marked with the following information (high contrast, clearly legible):

- › Manufacturer's name
- › Product name or number

##### 4.10.2. Shipping unit

The Supplier shall ensure that each shipping unit is marked (with high contrast, legible from a distance of two (2) meters) and, unless otherwise specified by Continental Surface Solutions, marked with a label with the following information:

- › Manufacturer's name
- › Product name or number
  - For reinforcements: 6-digit SAP code + RRM master
  - For all other materials: 8-character SAP code
- › Product batch number
- › Production Date/MDD
- › Net weight and unit
- › Gross weight and unit

##### 4.10.3. Health and Safety Markings

The Supplier must ensure that all dangerous goods symbols (pictograms) and other legally required dangerous goods information are clearly identifiable on the packaging and permanently affixed to all packaging units and also on the outer packaging. The freight must comply with the specific legal requirements of the country in which the product is delivered.

The Supplier must meet the CE marking requirements. Unless otherwise agreed, the CE symbol must be visibly affixed to the product. The Supplier must ensure that the declaration of conformity and the dangerous goods analyses correspond to the products.

#### 4.11. Shipping documents

The Supplier must hand over all shipping documents (delivery note, consignment note, customs declaration) together with the products to the carrier. In addition, Continental Surface Solutions prefers to receive the information electronically (e.g. as Advanced Ship Notice (ASN)).

If the parcels are delivered by parcel service, the shipping documents may also be attached outside the parcel.

The classification of dangerous goods according to the applicable laws and regulations must be visible on the delivery note.

##### 4.11.1. Delivery Note

The Supplier must ensure that each delivery is accompanied by a delivery note containing the following information:

- › Mandatory header information
  - Continental Surface Solutions order number
  - Document number
  - Creation date
  - Continental Surface Solutions destination address
  - Supplier sender address
  - Quantity and type of shipping unit
  - Gross weight and unit of measurement
  - Net weight and unit of measurement

- › Mandatory footnote information
  - Supplier code
  - Production date of the respective batch
  - Quantity and unit of measurement of the batch
  - Number of packaging units (pallets, big bags etc.)
  - MDD, if applicable

- › Optional information:
  - Supplier contact person and detailed information on shipping address (optional header information)
  - Supplier's order number and article number (optional product level information)
  - Continental Surface Solutions material number and description (optional product level information)
  - Quantity of packaging units (optional batch information)

#### 4.11.2. Additional Information and Documents for Shipping

Additional shipping information and documents (e.g. certifications, invoices, etc.) may be requested. The Supplier must obtain the relevant requirements from Continental Surface Solutions and the competent authorities of the country in which the Supplier is located.

#### 4.12. Batch designation and traceability in production

The Supplier must ensure that the delivery clearly shows to which production batches the individual load carriers belong. If direct marking of the individual product is not possible, the batch designation must be shown on the load carrier or a label.

In addition, the Supplier must ensure that different products are delivered in individual packaging units to avoid the risk of confusion. Each packaging unit may contain only one product type from a batch.

A delivery (container or truck load) can contain several products, but only from one production batch per product. Two (2) batches per delivery are the maximum. An exception to exceeding the number of two (2) batches per delivery is, if this is not technically feasible, for example, because of the size of a production batch.

The Supplier must ensure the traceability of raw materials, partially finished products and finished products within the production process. In addition, the Supplier shall keep all test reports for all tests, starting with the receipt of the goods up to the dispatch of the product. In the event of detected or suspected non-compliance, the traceability of the product must be ensured in order to limit the non-compliant products identified or suspected.

#### 4.13. Age of the material

Unless otherwise agreed, the remaining material shelf life at goods receipt at the Continental Surface Solutions must exceed 50% of the total material shelf life. The total shelf life of the material is noted in the document of the material specifications. Shelf life begins on the day of production or the date of delivery. The expiry date is calculated from the production date, the delivery date and the total shelf life.

The Supplier must guarantee the total shelf life of the product from the date of production or delivery. In the latter case, the delivery date must be printed on the test certificate or shipping unit.

#### 4.14. Test certificates (WPZ/COA)

For each production batch that is included in the delivery, the Supplier must submit a test certificate (Certificate of Analysis ("CoA"), "Quality Certificate") to the Continental Surface Solutions. A Western/English character set should be used.

Samples must be taken from the delivery (specific test) and the tests must be carried out in accordance with the relevant specifications and technical requirements.

Test results of the referenced test procedures (see specifications) are required for all properties marked "C" in the MSDS and all agreed tests of the Continental Surface Solutions.

The test certificate ensures that the material supplied conforms to the material specifications. Material that receives a test result that is outside the specification limit may not be supplied to Continental Surface Solutions without the written consent of Continental Surface Solutions.

The Supplier must submit the test certificate as agreed in order to ensure that it is available at the Continental Surface Solutions location before the goods are received. The test certificates must contain this information:

- › Continental Surface Solutions order number
- › the Supplier, his address and the contact person including contact information
- › the manufacturer and his address (provided that it is not the same as the Supplier)
- › Date of inspection or publication (DD-MM-YYYY or YYYY-MM-DD)
- › Product number or name of the Supplier (from the corresponding purchasing document)
- › the batch number of the manufacturer
- › the test characteristics (including tolerances, if agreed)

- › the unit for the test properties (according to the agreed specifications)
- › the test results for the test properties

European Suppliers should ensure that the test certifications are in accordance with DIN EN 10204:2005-01 3.1. Non-European Suppliers should ensure that their certifications are obtained in accordance with comparable standards.

The Supplier must send the test certificates by e-mail to the Continental Surface Solutions locations.

If this is not possible, the Supplier must add the test certificates to the shipping documents. In this case, the Supplier must reach an agreement with the respective location that regulates the recipient and the method of submission of the test certificate.

#### 4.15. Customs

The Supplier shall complete the formalities and provide information on the origin of the product in accordance with the customs regulations of the respective country of the Continental Surface Solutions location. The Supplier must therefore declare the maximum customs preferences. If there are doubts, the Supplier must clarify all ambiguities with the customs office responsible for him or the relevant chamber of commerce.

The Supplier shall be liable if additional costs arise for the Continental Surface Solutions due to delays in customs clearance.

All documents required for the customs clearance process must be sent to the local customs office or to the Continental Surface Solutions location. The Continental Surface Solutions location will name a contact person or a third party of the respective customs office.

### 5. Quality Requirements

#### 5.1. Supplier's Quality Management System (QMS)

The Supplier has established a QMS according to the ISO 9001 standard. According to these standards, the Supplier is obliged to permanently improve his QMS. The Supplier must take into account the latest developments and requirements of the automotive industry as formulated in IATF 16949. If the Supplier receives a new certificate, it must send an electronic copy of all his certificates to the responsible Supplier developer of the Continental Surface Solutions without request.

#### 5.2. Responsibility for Product Safety

The Supplier has established a QMS according to the ISO 9001 standard. According to these standards, the Supplier is obliged to permanently improve his QMS. The Supplier must take into account the latest developments and requirements of the automotive industry as formulated in IATF 16949. If the Supplier receives a new certificate, it must send an electronic copy of all his certificates to the responsible Supplier developer of the Continental Surface Solutions without request.

#### 5.3. Contents of the Material Specifications

The Continental Surface Solutions has to define the properties with which the products must comply. The test methods for the required characteristics are defined in mutual agreement. Unless otherwise defined, the test methods are specified in ISO, ASTM or DIN standards. The target value and its tolerance must be presented for the changing characteristics.

The Supplier therefore agrees to carefully check the specifications and determine whether the target values and their tolerances can be met.

In the event of uncertainty, the Supplier must contact the Continental Surface Solutions immediately.

Properties marked with a "P" must be listed in the test certificate for each individual batch. The goal is a zero-defect production. In the event that the Continental Surface Solutions and the Supplier have set PPM targets in writing, this shall not release the Supplier from its obligation to deliver faultless products.

The handling of product safety relevant characteristics is very important due to the legal requirements or safety of persons.

Affected items are classified as critical characteristics "cc" in material specifications by defined symbols (e.g. "D", "cc") according to Automotive requirements.

Therefore, internal safety limits are recommended additionally to the material specification limits. (based on a statistical evaluation limits should be 3S).

Additionally, all items classified as critical characteristics "cc" all test results has to be documented for minimum 15 years by the supplier. Test result has to be guaranteed for this storage period. (as described in the VDA Band 1)

#### 5.4. Inspection and Tests

The Continental Surface Solutions assumes that the Supplier uses modern process control methods, e.g. SPC, and can prove that it fully controls the manufacturing process for the products. The Continental Surface Solutions is entitled to demand proof of the long-term process capability of the manufacturing process by demonstrating certain process control factors for certain properties.

In the event that the process cannot yet be statistically controlled because it follows other natural laws or if the process is not yet sufficiently controlled, the Supplier is obliged to carry out a 100% inspection of the finished products. The Continental Surface Solutions shall also be entitled to demand a 100% inspection for other reasons (e.g. due to the consideration of safety aspects). The Supplier must check according to the agreed specification and - if a batch meets the specification - release it. The Continental Surface Solutions is therefore not obliged to subject incoming products to quality control.

The Supplier undertakes to remedy immediately (replacement delivery, sorting or reworking) in the event that problems arise at the Continental Surface Solutions due to the delivery of products that do not conform to the specifications. Defective deliveries will be returned to the Supplier, unless otherwise agreed.

The Supplier may request a special permit for its products in order to prevent production interruptions at the Continental Surface Solutions. The Continental Surface Solutions will decide at its own discretion whether to issue such a special permit. The Supplier undertakes to bear any additional costs arising from the use of products for which a special permit has been granted.

Unless otherwise agreed between the Continental Surface Solutions and the Supplier prior to the special release, such special releases shall not affect the liability of the Supplier for warranty and damage claims of the Continental Surface Solutions due to the fact that the products do not meet the specifications and are therefore defective. This applies in particular to costs arising for the Continental Surface Solutions for recalls and complaints by the OEM customers of the Continental Surface Solutions and/or the end user.

The Supplier agrees that he alone is responsible for carrying out tests prior to delivery of the properties specified by Continental Surface Solutions in accordance with the test plans. The Continental Surface Solutions is not obliged to carry out its own tests for these characteristics during the course of an incoming



goods inspection of products that have been received. The Supplier shall carry out an annual series of tests on all products supplied to the Continental Surface Solutions, based on the properties of the individual products (re-qualification). The results must be retained for up to ten (10) years and submitted on request.

The Supplier agrees to carry out tests with special attention to specific characteristics on request of the Continental Surface Solutions with products which the Supplier has supplied to Continental Surface Solutions Endverbrauchern entstehen.

#### 5.5. Procedural capacity

The Supplier agrees to send the Continental Surface Solutions a quarterly capability report on the properties marked "SC" in the specification. The capability index defined in the footnote "SC" must be reached. An action plan must be developed for product properties with a quality capability index that is lower than defined in the specifications.

#### 5.6. Supplier Assessment

The Continental Surface Solutions regularly assesses its Suppliers in a Supplier Rating. This evaluation provides the Continental Surface Solutions and the Supplier with an overview of the Supplier's performance, measured by basic performance parameters that are grouped into delivery performance and efficiency.

This Supplier rating identifies possible optimization possibilities for the Supplier and represents the basis for a continuous improvement in Supplier performance. The Supplier rating results achieved by the Supplier are a criterion for the future cooperation and business relationship with the Continental Surface Solutions. Continental Surface Solutions expects Suppliers to share the results of the Supplier rating with the employees involved and to develop appropriate strategies to improve their performance.

#### 5.7. Continuous Improvements

The Supplier must have trained (preferably certified) employees who are able to quickly and permanently resolve product and process problems using data-driven problem-solving tools and techniques. Problem solving must be performed using defined

and structured processes, such as the 8D process, 5Why, or any other process that reviews the source problem and validates the effectiveness of the correction processes.

Data-driven techniques should also be used during the design process, review phase and validation phase to avoid problems with new products or processes. These data-driven techniques include, but are not limited to, FMEA, MSA, SPC, DOE and Taguchi methods.

#### 5.8. Problem-solving methods

The Supplier must have trained (preferably certified) employees who are able to quickly and permanently resolve product and process problems using data-driven problem-solving tools and techniques. Problem solving must be performed using defined and structured processes, such as the 8D process, 5Why, or any other process that reviews the source problem and validates the effectiveness of the correction processes.

Data-driven techniques should also be used during the design process, review phase and validation phase to avoid problems with new products or processes. These data-driven techniques include, but are not limited to, FMEA, MSA, SPC, DOE and Taguchi methods.

#### 5.9. Complaints

The Supplier undertakes to ship the products only in accordance with the previously agreed specifications.

In the event of deviations in the document requirements (e.g. timing, quantity, markings, specified criteria, etc.) of the products supplied, the Continental Surface Solutions shall file a complaint against the Supplier. Complaints should be resolved using appropriate measures (see 5.8. Problem-solving methods).

All additional costs resulting from the delivery of non-conforming products to the Continental Surface Solutions shall be listed for each case and sent to the Supplier with a request for compensation.

## 6. Consent of the binding obligations

This manual should be deemed accepted by the Supplier at the beginning of the services, performances, product shipment or other details of an agreement, whatever occurs first.

This manual and the general terms and conditions consisting of:

- › the Continental Surface Solutions Purchase Orders
- › the Continental Surface Solutions's requests for bids and offers, and
- › the contract signed between the Supplier and Benecke-Hornschuch Surface Group.
- › General Terms and Conditions of Purchase of Continental Aktiengesellschaft and ContiTech AG and their group companies (together with the manual referred to as the "Agreement") constitute the entire agreement between Continental Surface Solutions and the Supplier and expressly replace all prior or simultaneous agreements, regulations, representations and communications, whether in oral or written form, relating to the contents, inquiries, bids and offers.
- › Continental Surface Solutions hereby objects to any conditions imposed by the Supplier in an offer, acceptance or confirmation of a purchase order placed by Continental Surface Solutions which are in addition to, deviate from or conflict with the terms of this agreement.



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