

# Supplier excellence **manual**

Version - 5.0



# Content

<b>01.</b>	A message from our directors	p. 04
<b>02.</b>	Doing business with BDR Thermea Group	p. 05
	2.1 - Supplier excellence manual	p. 05
	2.2 - Business continuity	p. 06
	2.3 - Sustainability	p. 06
<b>03.</b>	Regulatory compliance	p. 07
	3.1 - Ethical sourcing code	p. 07
	3.2 - General data protection regulations	p. 07
	3.3 - Export control & sanctions	p. 07
	3.4 - ROHS/Reach	p. 08
<b>04.</b>	The procurement organisation	p. 09
<b>05.</b>	Suppliers	p. 10
	5.1 - Supplier partnership	p. 11
	5.2 - How to be a preferred supplier	p. 11
	5.3 - Measuring supplier performance	p. 12
	5.4 - Contracts and other agreements	p. 12
	5.5 - Risk management	p. 13
	5.6 - Corporate social responsibility	p. 13
	5.7 - Systems compatibility	p. 13
	5.8 - Design and development	p. 13
	5.9 - Commercial	p. 13
<b>06.</b>	Supplier quality	p. 15
	6.1 - Supplier quality assessment	p. 15
	6.2 - Advanced product qualification planning	p. 16
	6.3 - Quality performance measurement	p. 16
	6.4 - Continuous improvement	p. 16
	6.5 - Document retention	p. 16

<b>07.</b>	Product qualification and release	p. 17
	7.1 - New product development (NPD)	p. 17
	7.2 - Advanced product qualification planning	p. 18
	7.3 - PPAP and submissions	p. 18
	7.4 - PPAP level	p. 18
	7.5 - Parts submission warrant (PSW)	p. 18
	7.6 - Timing and scope of the programme	p. 18
<hr/>		
<b>08.</b>	Product lifecycle management	p. 19
	8.1 - Logistics requirements	p. 19
	8.2 - Factory gate collections	p. 19
	8.3 – Waste	p. 19
	8.4 – Forecasts	p. 19
	8.5 - Call-off	p. 19
	8.6 - Delivery notification	p. 19
	8.7 - Packaging requirements	p. 20
	8.8 - Service level	p. 20
	8.9 - Returns of non-compliant goods and packaging	p. 20
	8.10 - Non-conforming material	p. 20
	8.11 - Containment at the supplier facility	p. 20
	8.12 – Traceability	p. 20
	8.13 - Deviation request	p. 20
	8.14 - Supplier complaint handling	p. 21
	8.15 - Structured problem-solving	p. 21
	8.16 - Product and process changes	p. 21
<hr/>		
<b>09.</b>	Summary of linked documents	p. 23
<hr/>		
<b>10.</b>	Terminology	p. 24
<hr/>		
<b>11.</b>	Revision control	p. 27
<hr/>		

1

# A message from our directors



## **Jim Hill – Group Procurement Director**

A close collaboration with our supplier base is critical in allowing BDR Thermea Group to deliver the Energy Transition, and in building a resilient supply chain with the highest levels of quality and lowest total cost.



## **Arno Vijverberg - Group Quality Director**

BDR Thermea Group's success is dependent on our ability to offer the highest value to our customers through quality, service, and price. A close and professional working relationship with our supplier base is key to achieving this goal and setting the benchmark in the industry.

# Doing business with BDR Thermea Group

**With a turnover of more than € 2 billion in 2021, BDR Thermea Group develops and supplies innovative products and services that enable the global shift towards sustainable energy carriers.**

We develop innovative products and services that save energy and cut carbon emissions and supply them to building owners and users. Some 1.4 million end-users choose our products every year. Our connected and integrated technologies enable the global shift towards fully sustainable energy carriers.

Our portfolio includes renowned names such as Baxi, De Dietrich, Remeha, Brotje, Chappée and Baymak. With a strong local presence, our brands are always close to our customers.

For further information about BDR Thermea Group please visit our website at [www.bdrthermeagroup.com](http://www.bdrthermeagroup.com)

## **2.1 Supplier excellence manual**

We are committed to delivering the highest quality products and outstanding service to our customers and recognise that our suppliers play a fundamental role in achieving this. This Supplier Excellence Manual provides guidance for suppliers on our commitment to quality and service.

We outline the key processes that must be followed to guarantee low risk, defect-free supply of high-quality parts, delivered when needed.

Suppliers should adhere to the processes that are described here and work with us to reduce the cost of supply whilst maintaining the highest quality, ethical and environmental standards.

De Dietrich 

 **remeha**

**BAXI**

**BRÖTJE**  
HEIZUNG 

 **baymak**

**CHAPPEE** 

We value long-term relationships with suppliers who achieve the required high standards and can innovate and collaborate with us in a mutually beneficial relationship, identifying opportunities for investment and improvement throughout the supply chain.

We want to work with suppliers who adopt a zero-defect approach towards product quality, and we will work in partnership with trusted suppliers to achieve this.

Please ensure that everyone in your company who engages with us reads and fully complies with all the relevant sections in this Supplier Excellence Manual. By doing so, you help us to guarantee our customers the best possible service.

## **2.2 Business continuity**

To be one of our preferred suppliers it is important to us that you have a business continuity/disaster recovery plan in place. Disaster events are rare, but when they do happen it's crucial to take a proactive approach to limiting this risk. Failure in any part of your business process can translate to disappointed customers and a loss of revenue. With a clear and well thought-out business continuity and disaster recovery plan, suppliers can mitigate the risks and minimise time to full recovery. The approach should be audited, tested, and include action and communication plans, activity checklists, escalation procedures, and the organisation of teams, roles, and responsibilities. Your plan should address the recovery time needed for a variety of business interruptions, contact information for key locations, supply chain assessment of risk to our products and/or services provided.

## **2.3 Sustainability**

We are committed to developing a sustainable culture based on developments that meet the needs of the present without affecting resources required

for the future. We are a responsible business partner that recognises and supports all relevant national and international environmental legislation. We are committed to the ten principles of the UN Global Compact; we offset our CO2 emissions and are committed to implementing sustainability measures (ESG framework) across our business and operations. Through areas including responsible production and consumption, equality, education and health and well-being, we believe we have a duty to pursue sustainable development in all we do.

We expect our suppliers to share our passion for low-carbon products and to supply sustainability data when required and actively reduce their CO2 emissions, which will reduce our products' carbon footprint.

We work with EcoVadis to monitor sustainability and we ask our suppliers to subscribe to its online portal so that EcoVadis can evaluate their CSR maturity for us. Where required, they will send you improvement action requests to achieve a minimum sustainability audit score on the Ecovadis platform of:-

2022 – 49

2023 – 51

2024 – 53

2025 – 54

Achieving these targets is the minimum requirement for being a preferred supplier of BDR Thermea Group.

## **Sustainable procurement policy**

This policy describes the framework within which our procurement function will conduct activities to contribute towards our total sustainability objectives. Our sustainable procurement policy is available on the BDR Thermea Group website.

[Click here for our Sustainable Procurement Policy.](#)

3

# Regulatory compliance

**BDR Thermea Group sells products across the globe and lists the intended countries of use. We work with our suppliers to ensure that our products meet all appropriate regulatory requirements for each country. Upon request, suppliers must disclose any recent regulatory agency assessments and inspections pertaining to supplied parts.**

In the event that regulatory inspections produce negative findings that relate in any way to the products or services supplied to us, these must be notified to us immediately in writing.

## **3.1 Ethical sourcing code**

The principles of our ethical sourcing code apply to all suppliers. The ethical sourcing code is available on the BDR Thermea Group website. We require all suppliers to adhere to this and use it in their supply chain. Suppliers outside of the European Union must sign and return a copy.

[Click here for our Ethical Sourcing Code](#)

## **3.2 Data protection**

BDR Thermea Group respects the privacy of your personal information. We have developed this privacy notice to help you understand how we will treat your personal data.

[Click here for our Privacy Notice](#)

## **3.3 Export control**

### **Dual Use**

For compliance with EU, national, and U.S. export control regulations, suppliers are requested to provide us with the appropriate export list number, AL number (national/EU law), and Export Control Classification Number (ECCN, U.S. law) for their goods (hardware, software, technology).

If this is not possible, the supplier must agree to provide us, upon request and in writing, with the technical information necessary for the classification of the individual goods in accordance with the control lists. Information might include, for example, technical parameters, functional descriptions, material composition, parts lists, specifications, diagrams, and advertising brochures.



### Country of Origin

Based on national and international law, it may be necessary to obtain information from the supplier regarding the percentage breakdown of the product, by country of origin and value. The objective of doing so is to establish whether a supplier's product is subject to U.S. law. In such cases, the supplier is asked to provide a completed dual use supplier declaration form.

[Click here for our Dual Use Supplier Declaration](#)

### Sanctions

We will always comply with all applicable sanctions lists and trade restrictions. As part of our efforts to comply with such laws and regulations, we assess whether suppliers appear on any sanctions list. If suppliers are aware that they have been added to any trade restriction lists, they must make us aware immediately.

### 3.4 RoHS/REACH

RoHS (Restriction of Hazardous Substances) is EU legislation restricting the use of hazardous substances in electrical and electronic equipment and promoting the collection and recycling of such equipment. The directive, in force since 2003, also supports effective recovery, reuse, and recycling of electrical equipment. Energy-consuming products are regulated to control the level of hazardous substances they contain.

REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) is covered by EU regulation 1907/2006, concerning chemicals and their safe use. It has a defined process that must be followed for risk and chemical management. New substances are added to the candidate list every 6-9 months and SVHCs (Substance of Very High Concern) must be registered if they are used over a certain amount.

To enable us to comply with these regulations all suppliers without exception must complete a Declaration of Compliance.

[Click here for RoHS/REACH Declaration of Compliance form](#)



4

# The procurement organisation

## Organisation

Even though the BDR Thermea Group has many different individual companies in its portfolio, we have established a group-wide commodity management team to optimise the value for our manufacturing companies and coordinate supplier management across the group.

We understand that the way our individual businesses operate may differ slightly. However, the roles and responsibilities outlined in this section represent the core of our business and any differences the supplier may observe across our organisation will be minimal.

## The role and responsibilities of BDR Thermea Group

**The buyer** - is the primary contact for all purchasing-related issues. The supplier must inform the buyer of any issue that impacts delivery, or to request any changes including supply issues and design change requests. The buyer should be copied in on any discussions with other stakeholders.

**The commodity manager** - is responsible for supplier management and developing strategies for a range of key categories across our business. Responsibilities include the qualification and management of preferred suppliers, identifying best value, zero defect supply, on time delivery, innovation and collaboration.

## The role and responsibilities of the supplier

**Customer representative** - The customer representative is the primary contact for BDR Thermea within the supplier's organisation for any key communications including quality, delivery, or commercial issues.

BDR Thermea Group prefers to work with highly capable contacts, with the ability and authority to resolve issues and collaborate to remove costs from the supply chain. It is essential that any proposed change to a supplier's product or process is communicated as soon as possible for review and approval is obtained prior to any agreed implementation.

**Supplier senior management** - Where appropriate, a supplier's senior management should be available to join strategic meetings to improve the way we work together, resolve issues and discuss innovation.

5

# Suppliers

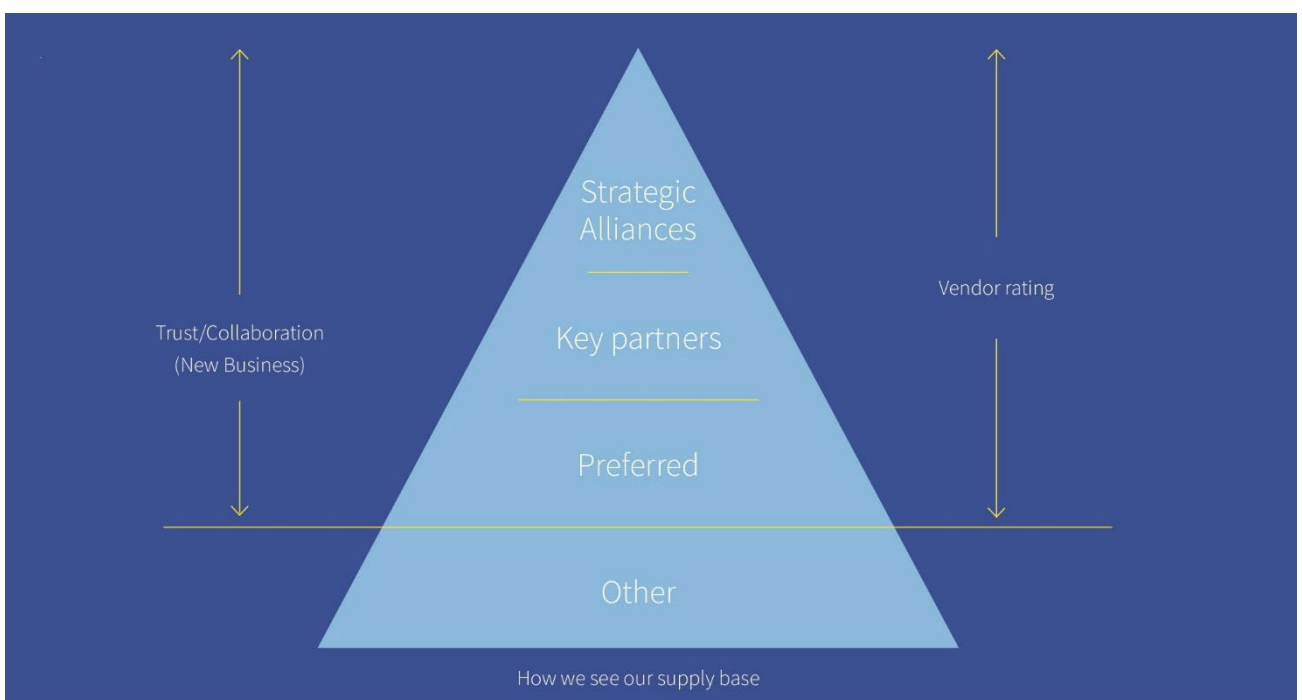
**We only work with suppliers who can deliver the required level of quality, cost and innovation that supports our customers' needs.**

Suppliers who fulfil our expectations and are aligned with our strategy are eligible for preferred supplier status. Suppliers qualifying for this status can be involved in the development of new products and supply of future components. Our preferred suppliers will share information so we can jointly benefit from removing unnecessary cost to help provide best value to customers. Preferred suppliers fully collaborate with us in the design and manufacture of new parts and actively help us to supply more innovative and reliable products.

Where suppliers deliver to multiple sites, they are usually managed centrally by our group commodity

managers who will expect to regularly discuss supply, quality, and other improvement opportunities. We send a periodic supplier performance scorecard to key suppliers so that they can have visibility and make improvements in their operations when service falls below acceptable levels.

We prefer suppliers who value their relationship with BDR Thermea Group above all others and who work tirelessly to ensure our production lines are always running, our products are 100% reliable and that we can supply the most innovative products on the market at the best cost.



## 5.1 Supplier partnership

### Strategic alliances

Where a supplier can offer mutually beneficial opportunities, we will engage at the highest level to create shared value.

### Key partner

A key partner will allocate resources to BDR Thermea Group first, share intellectual property, and integrate with our design teams or other suppliers. They will support us with a high level of commitment in providing a timely service, rapid response to enquiries for new parts, changes in specification or other communications. Communication is essential so any issues are managed at the earliest point to minimise adverse effects. When a problem does occur, suppliers should be prepared to own and

positively resolve them in a timely and effective way. Suppliers should be prepared to collaborate with BDR Thermea Group, providing market intelligence and assistance with the sales and marketing of products.

### Preferred

BDR Thermea Group is constantly striving to achieve the best supply base to meet our needs. Suppliers are given preferred status based on their capability and performance. To achieve preferred supplier status, suppliers are evaluated using the selection criteria listed below. This is intended to ensure that suppliers are of a sufficiently high standard to supply consistent-quality products on time at a competitive price and are also able to collaborate with BDR Thermea Group on new products and initiatives. See chapter 3.

## 5.2 How to be a preferred supplier

A preferred supplier must have the following:

Item	Minimum requirement
Contracts	Must have a contract in place and fully accept the cost of non-quality
Risk	Have a good financial risk rating and a low risk profile
Quality	Have a zero-defect philosophy, low field return rate and acceptable quality audit
Sustainability	Acceptable EcoVadis online audit ( <a href="#">click here for EcoVadis web page</a> ) and can deliver CO2 footprint data.
Supply chain	Delivers in full at short notice and supports lean supply
Disaster recovery plan	Must have an audited disaster recovery plan in place

### 5.3 Measuring supplier performance

#### Vendor rating

We will measure performance against our key KPIs and report the results to suppliers periodically. For a full explanation of how this works

[Click here for our Vendor Rating - Suppliers Guide](#)

### 5.4 Contracts and other agreements

#### Contracts general overview

It's a business requirement that we have a contract in place with all suppliers before working with them. We use a template agreement which we call a "multi-site agreement" or "MSA" for the supply of parts across the group.

The multi-site agreement formalises our business relationship, defines what we expect from each other and what we will do if things go wrong.

#### Our main agreements:

#### Multi or Single Site agreements

In addition to the guidance contained in this manual, we will need to sign a supply agreement which details the responsibilities of both parties. Our supply agreement records what has been agreed for cost, quality, supply chain and other elements of our business relationship. It is expected that suppliers will work with BDR Thermea Group to quickly put such an agreement in place

#### Terms and conditions

Where we operate under our general terms and conditions they must be agreed in writing by the supplier.

[Click here for our Terms and Conditions Part A and Part B](#)

#### Confidentiality agreements

Unless we have a contract in place which covers this subject, we require that all suppliers sign a confidentiality agreement.

It is our policy to use our standard template to ensure our suppliers understand their obligations not to disclose confidential information belonging to BDR Thermea Group or relating to our commercial arrangements to any third party. [Click here for our Confidentiality Agreement.](#)

#### Drawings and specifications

A drawing, technical/part or packaging/labelling specification created by BDR Thermea Group and used to describe components or materials. A specification will contain the dimensions, functionality, quality requirements and other details necessary to manufacture reliable parts. [Click here for our Packaging and Labelling Specification.](#)

#### Design and development agreement

When we design a new product in cooperation with a supplier, we need to agree the process and project details, including timescale, deliverables, and IP ownership. We do this under our design and development agreement. Normally the time available to negotiate these agreements is determined by a project timescale, so proactive efforts and fast response should be guaranteed before these agreements are awarded

#### Purchase orders

An order raised by a manufacturing site to authorise the supply of parts. This is normally preceded by a supply agreement which sets out the working arrangements. The order may be for an open quantity to cover such parts as we wish to order, or it may be for a specific quantity.

#### Service level agreements

We may have some specific detailed instructions outlining how we will work together in areas such as logistics, quality, or other service requirements and these can be written down in a service agreement.

### 5.5 Risk management

Guaranteed supply of materials to our factories is critical to our success. To manage this, we have in place a risk management process to identify and reduce high risk areas in our supply chain. We monitor:

- Supply chain risk/resilience
- Financial risk (D&B Credit)
- Sustainability risk (EcoVadis)
- Quality risk (8D Management)
- Sanctions (D&B IndueD)

If you have an issue that could jeopardise the supply of parts to our factories, then we expect to be made aware of it at the earliest opportunity and you should then work with us to resolve it.

If a supplier's financial rating changes adversely, we expect a rapid factual explanation.

### 5.6 Corporate social responsibility

Our suppliers must meet our minimum standards of Corporate Social Responsibility (CSR) which we evaluate using the online sustainability audit tool from EcoVadis. Suppliers outside of Europe must also sign and comply with our Ethical Sourcing Code GPP.01.003 available to download on the BDR Thermea Group website.

[Click here for our Ethical Sourcing Code](#)

We expect our suppliers to take out an annual subscription on the EcoVadis online portal to evaluate their CSR maturity and achieve a score that meets our minimum target. The target is available from your BDR Thermea Group procurement contact. Suppliers that don't achieve our minimum expectation will not be eligible for any new developments.

[Click here for the EcoVadis web page](#)

### 5.7 Systems compatibility

Suppliers must be able to communicate electronically, including planning, delivery information, invoicing, CAD and other data.

### 5.8 Design and development

We like suppliers to have an open dialogue with us and present ongoing development strategies and interesting new technologies for products and processes which can be shared with senior management, both at the supplier and/or BDR Thermea Group. It is important to share a common roadmap to ensure suppliers can continue to support us as products evolve.

We also like to work with suppliers who can improve specifications to remove cost and quickly overcome technical challenges during the design process to achieve reliable, affordable, and cost-effective products. Suppliers who respond best in new product development projects, supply samples and changes on time, propose best options and fully integrate in a collaborative team, are our preference.

Suppliers should collaborate to support our product development roadmap and allocate sufficient resources to projects which may include embedded team members or expertise to support us in achieving reliable specifications, meet cost targets and complete projects on time.

### 5.9 Commercial

#### Open book costing

We continually work with suppliers to improve the value of our products for our customers and reduce the total cost of the parts we use.

Cost breakdowns enable us to understand where the main elements of the total cost lie, allowing us to work with suppliers to reduce them for our mutual benefit. Cost breakdowns are best provided on our Cost Analysis Template.

[Click here for our Cost Analysis Sheet](#)

### **Value engineering**

Value analysis/value engineering is a technique we use to remove unnecessary costs from our products. Suppliers should be willing to collaborate with us to reduce costs which might include product teardowns, analysis of the supply chain, improvement in quality or scrap reduction. Where possible, it is imperative we re-engineer parts to improve sustainability, which could mean using recyclable or recycled material, reducing CO2, gaining higher efficiency in transport, or addressing other aspects in the manufacture, scrap, or lifecycle of the part.

## 6

# Supplier quality

## Quality Management System expectation

Suppliers must establish, document, and implement an effective Quality Management System (QMS) in accordance with the most recent version of ISO 9001 and be registered by an accredited third-party certification body. Suppliers must also maintain this certification while remaining a BDR Thermea Group supplier. We will accept equivalent global QMS certifications, such as IATF 16949 in lieu of ISO 9001.

### 6.1 Supplier quality assessment

Our supplier quality assessment process is designed to provide an insight into a supplier's ability to meet our quality, delivery and cost requirements during the creation and realisation of products and services.

Our "Supplier Potential Review" which is an audit of suppliers' main process is part of the assessment and focuses on:

- a) Product development process
- b) Product realisation process
- c) Management process
- d) Customer satisfaction
- e) Change management

The supplier potential review score will result in a final rating of A to D. For potential suppliers this assessment may initially take the form of a self-assessment. However, before the final choice of supplier it will be conducted by one of BDR's Supply Quality Audit teams. The format of the audit will be the same, but the audit will delve further into the Suppliers processes to verify the initial self-assessment submission.

[Click here for our Supplier Potential Review](#)

Rating	Requirements
A. Quality capable / no action plan required	Potential score $\geq$ 85% and all individual elements score a minimum of 71%
B. Partially quality capable / action plan voluntary	Potential score $\geq$ 71% to 85% or score $>$ 85% with elements $<$ 70%
C. Potentially quality incapable / action plan mandatory/ Supplier is non-preferred	Potential score $\geq$ 60% to 71%
D. Not quality capable / supplier is non-preferred	Potential score $<$ 60% or one or more elements score $<$ 60%



### Continuing assessment

As part of the ongoing governance of our supply base, we will from time-to-time conduct system and process audits of existing suppliers.

Generally, follow-up audits will be based on an identified need as follows:

- f) Epidemic quality issues, or repeats of less serious quality issues
- g) Significant logistics / supply chain deficiencies
- h) Potential for new development initiative
- i) Significant change in the supplier facilities or organisation
- j) Significant time lapse from previous assessment.

All results and conclusions are discussed fully with the supplier. The supplier is required to identify corrective and preventive actions for all issues identified and for these to be resolved within agreed timescales.

### 6.2 Product improvement

Eliminating warranty claims is an important target for us and we expect our suppliers to adopt a Zero-Defect philosophy to help achieve this. Our emphasis is on overall final customer satisfaction. When a component requires replacement in the field, a warranty claim is made, and the root cause is identified. If the non-conformance is generated by a supplier, we will notify them for replacement and sharing of responsibility. Any specific conditions will be as defined in the purchasing agreement (MSA).

### 6.3 Quality performance measurement

We measure the quality performance of suppliers' products using the following Key Performance Indicators (KPIs):

- a) The level of defects identified during our manufacturing processes and/or incoming inspection, expressed as a ppm (parts per million)
- b) The level of defects identified in the field (expressed as a ppm)

### 6.4 Continuous improvement

Suppliers are required to define structured improvement programmes, aimed at driving ppm levels towards zero. Each year, targets representing significant but achievable improvements are defined and agreed with the appropriate Commodity Manager. Progress towards these will be measured monthly as part of the vendor rating programme (described in Section 5.3).

### 6.5 Document retention

All documents required to fulfil the needs of BDR Thermea Group must be retained for a minimum of five years and be available upon request. In case of IT storage system failure, suppliers should have an adequate back-up system in place.

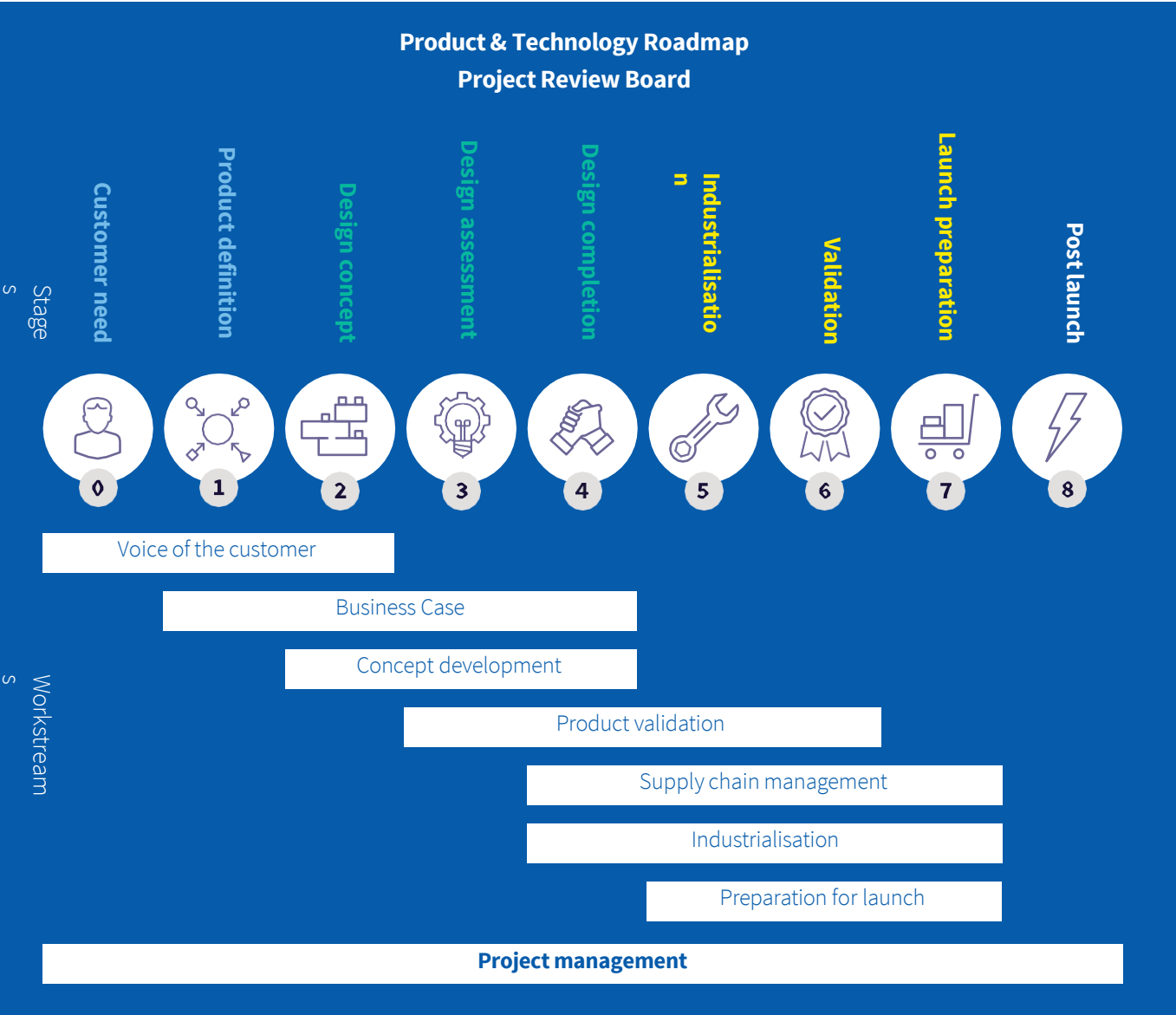
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# Product qualification and release

## 7.1 New product development (NPD)

We want our suppliers to fully participate in the design of new products, working with us to define requirements, designing for manufacture and developing robust processes where capabilities are

understood and effectively controlled, delivering a cost effective and reliable solution. Suppliers will be asked to actively participate in the entire process, be open to changes and look for ways to continuously improve in all aspects of the design.



### **7.2 Advanced product qualification planning**

The Advanced Product Quality Planning (APQP) process and the Production Part Approval Process (PPAP) are structured methods to define the steps necessary to assure manufactured parts always meet customer requirements.

### **7.3 PPAP and submissions**

The following circumstances shall require a part approval submission:

- New product/routine re-submissions
- Engineering changes
- Tooling transfer, replacement, or refurbishment
- Correction of a discrepancy
- Changes to optional construction or material
- Sub-supplier or material source change
- Parts produced at additional location, or original location has changed
- Process change

This list is not exhaustive, and all changes must be communicated to BDR Thermea Group procurement contact.

### **7.4 PPAP level**

PPAP submission levels will be defined as part of APQP process

### **7.5 Parts submission warrant (PSW)**

The parts submission warrant (PSW) requires all relevant sections to be completed and clearly identify the engineering drawing change revision level and part specification approval.

### **7.6 Timing and scope of the programme**

The scope will be mentioned in the request for quotation (RFQ) and will be identified and communicated on the PSW which will be submitted by BDR Thermea Group at the start of the project.

# Product lifecycle management

## 1. Logistics requirements

Our basic logistics requirements are: flexibility; good communication and the ability to supply to our manufacturing sites on a next-day, just-in-sequence basis. Details of how this will be achieved will be recorded in a contract. If there are circumstances where an individual country has exceptional requirements, they can be found in the local logistics “service level agreements” (SLAs).

BDR Thermea Group embraces the principle of lean supply and requires suppliers to commit to and adopt the same philosophy. Suppliers will be required to be able to offer and maintain lead times in keeping with a lean supply chain (ie Kanban or Just in Sequence (JIS)) using logistics arrangements, relocation, local stock or other techniques.

## 2. Factory gate collections

BDR Thermea Group uses a nominated logistics provider to organise all collections of goods from suppliers’ premises and to deliver goods to BDR Thermea Group’s production facilities. Suppliers should comply with the processes employed by the nominated carrier to achieve agreed lead times. The logistics provider will measure supplier compliance with requested lead times and quantities and report them to BDR Thermea Group.

## 3. Waste

We strive to remove waste throughout the supply chain and therefore we require our suppliers to embrace lean techniques such as value stream mapping and process capability and work together

with BDR Thermea Group and our customers to make materials flow effectively.

## 4. Forecasts

We provide forecasts of our requirements to help suppliers plan their manufacturing. They can monitor this information along with actual usage and adjust capacity and processes to accommodate changes in demand. Any questions can be directed to the relevant BDR Thermea Group purchasing department.

## 5. Call-off

Suppliers should use lean principles to enable supply to BDR Thermea Group with a maximum of one day’s stock being held at BDR Thermea Group. The supply methods, delivery point, packaging and other details should be in line with the BDR Thermea Group standard methods, as defined in the BDR Thermea Group logistics SLA. Where it is agreed that suppliers are supporting a lean manufacturing process, delivery lead time will be a maximum of one day in advance. Parts delivered which are not in accordance with any delivery request cannot be accepted. In the event of a late, early or incorrect delivery, or other failure, we require a full investigation and corrective actions to ensure the standards we expect are maintained.

## 6. Delivery notification

A detailed delivery note is required. If agreed, this may be in electronic form and be input directly to the BDR Thermea Group ERP system. Any outer packaging containing a delivery note must be marked accordingly.

### **8.7 Packaging requirements**

Packaging should be as detailed in the BDR Thermea Group labelling and packaging service level agreement. [Click here for our Packaging and Labelling Specification](#)

### **8.8 Service level**

Deliveries should be on time and in full. Compliance with this requirement will be measured and communicated to key suppliers each month. Any site-specific requirements are available from the local site logistics team. Site contact details are listed on the BDR Thermea Group website.

### **8.9 Returns of non-compliant goods and packaging**

This is managed through our logistics provider at the supplier's cost.

### **8.10 Non-conforming material**

#### **Notification of non-conforming material**

Suppliers must notify BDR Thermea Group of Non-conforming or suspect material immediately, whether they are in transit or already delivered. This action is required to reduce the impact of a quality incident. Communications must be directed to the manufacturing site that receives the goods, to the commodity manager and local buyers.

### **8.11 Containment at the supplier facility**

Suppliers must contain any non-conforming or suspect parts immediately, to minimise the impact on our production. They must also implement a full off-line inspection of suspect parts. Records of non-conforming material and customer notification must be retained and made available if requested.

### **8.12 Traceability**

Product traceability is required to identify a product lot. Suppliers are required to maintain a second level of traceability for raw materials used in products sold to BDR Thermea Group. For all products which can be individually marked, suppliers are expected to include a traceability lot number. Other parts that cannot be individually marked should have a traceability lot number on the packaging container.

Suppliers must plan for traceability of components. The supplier will provide a written plan specifying how components are marked, with serial or lot numbers and date codes if required, or how containers can be identified with lot numbers or date codes, if component marking is not required. The plan will also include lot size. Where possible, lot sizes should be minimised to aid in containment should quality problems be found. Product traceability shall be made available upon request.

[Click here for our operation rule on traceability OR0001 and OR0002.](#)

### **8.13 Deviation request**

Suppliers must quarantine non-conforming, suspect, or unapproved material and may be granted a concession to continue shipments. A request to be granted a concession should be directed to the receiving BDR Thermea Group site and copied to the commodity manager and buyer. We will evaluate any risks in using non-conforming material and any impact on production schedules and customer deliveries prior to approval being given.

Material must not be delivered under concession unless written approval is given by the receiving

BDR Thermea Group site. Concessions will be for a specific quantity or period which will be determined by the receiving BDR Thermea Group site. If a concession is granted and parts shipped to us, these parts must be labelled on all four sides of the packaging. If necessary, a receiving site could request additional labelling at the supplier's expense.

#### **8.14 Supplier complaint handling**

All non-conformances should be investigated. BDR Thermea Group has implemented a uniform complaint handling system, using the SourceDogg platform.

Where requested by BDR Thermea Group, an 8D process must be followed. This includes the identification of the root cause, a risk analysis (including the risk to other deliveries) of the actions taken for correction of the problem, prevention of future occurrence and the formal conclusion by the supplier. If an investigation reveals that there is an impact to products received by our customer, the supplier must inform us without unreasonable delay. The timeline requirements for completing and communicating 8D are as follows:

- Containment action D1 till D3 (Part I): within 2 working days from the publication date
- Definition of root cause and corrective actions D4 & D5 (Part II): within 10 working days from the publication date
- Implementation of corrective and preventive actions D6 & D7 (Part III): within 20 working days from the publication date

A free SourceDogg account can be created [here](#). The Suppliers Guide to completing an 8D can be found [here](#)

#### **8.15 Structured problem-solving**

Suppliers to BDR Thermea Group are expected to implement and support a system of structured problem-solving where a cross-functional team is able to identify the root cause of a problem and implement permanent corrective actions. The root cause definition should include the process root cause (how did the manufacturing process fail), the system root cause (how did the quality system fail) and the detection root cause (why was the non-conformance not discovered). Suppliers should evaluate the effectiveness of the corrective actions for long-term system support within their company.

#### **8.16 Product and process changes**

We are committed to continuous development of our products and processes to remain an industry leader and we want our key suppliers to work collaboratively with us to continuously identify and implement improvements to the quality and value of our products.

##### **Major changes**

All major changes must be communicated to us in writing to your procurement contact and not implemented until we have validated the change and agreed in writing. The timescale for acceptance will be agreed following the initial communication but shall be not less than three months for all major changes. PPAP will be used for the approval of all major changes. The PPAP level will be at our discretion. Any change in product or process that is not communicated to us prior to shipping will result in material rejection and corrective action. The following criteria define 'major changes':

- Changes to software / firmware
- Changes to sub-suppliers (addition of new suppliers for the product supplied to us)

- Changes to existing, addition of new or removal of manufacturing process
- Changes to manufacturing location
- Changes to the agreed specifications
- Changes to materials of sub-components used in the product
- Changes to the appearance of the product
- Changes that might affect the functional performance of the product
- Changes that might affect the safety of the product
- Changes to the quality assurance processes of the supplier
- All of the above apply equally to changes at sub suppliers' products, processes, materials or manufacturing locations

### Minor changes

All minor changes must be communicated to us in writing to your procurement contact in advance of implementation. Classification of minor changes must be agreed by us in writing before implementation. Time periods for implementation of minor changes shall be at the discretion of the Supplier.

The following criteria define 'minor changes':

- Changes to documentation not affecting the product specification
- Changes to packaging not affecting its durability
- Changes to labelling not impacting on traceability requirements

### Change documentation

[Click here for the Change Request Form](#)

[Click here for the PCM Booklet](#)



9

# Summary of linked documents

[Click here](#) for our Sustainable Procurement Policy  
[Click here](#) for our Ethical Sourcing Code  
[Click here](#) for our Privacy Notice  
[Click here](#) for our Dual Use Supplier Declaration  
[Click here](#) for our ROHS/Reach Declaration  
[Click here](#) for our Vendor Rating - Suppliers Guide  
[Click here](#) for our Confidentiality Agreement  
[Click here](#) for our Packaging and Labelling Specification  
[Click here](#) for our Terms and Conditions [Part A](#) and [Part B](#)  
[Click here](#) for our Cost Analysis Sheet  
[Click here](#) for our operation rule on traceability [OR0001](#) and [OR0002](#)  
[Click here](#) for our 8D user Guide  
[Click here](#) for the Change Request Form  
[Click here](#) for the PCM Booklet  
[Click here](#) for the APQP process



10

# Terminology



- **5-whys** – An iterative question-asking technique used to explore the cause-and-effect relationships underlying a particular problem.
- **8D** – Eight Disciplines. Eight Disciplines Problem Solving is a method used to approach and resolve problems, typically employed by quality engineers or other professionals.
- **APQP** – Advanced Product Quality Planning. Framework of procedures and techniques used to develop products in industry.
- **Capability** – Process Capability. The process capability is a measurable property of a process to the specification, expressed as a process capability index (e.g., Cpk or Cpm).
- **CAD** – Computer Aided Design. The use of computer systems to assist in the creation, modification, analysis, or optimisation of a design.
- **CPR** – Construction Products Regulation. European Union (EU) regulation harmonising performance information on construction products across the EU.
- **CSR** – Corporate Social Responsibility. CSR is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all stakeholders.
- **ERP** – Enterprise Resource Planning. A business management software—usually a suite of integrated applications—that a company can use to collect and store information.
- **ESG** – Environmental & Social Governance
- **ECCN** – Export Control Classification Number.
- **JIS** – Just In Sequence. JIS is an inventory strategy that matches just in time (JIT) and complete fit in sequence with variation of assembly line production. Components and parts arrive at a production line just in time and as scheduled before they get assembled.
- **MSA** – Measurement System Analysis. MSA is a thorough assessment of a measurement process, and typically includes a specially designed experiment that seeks to identify the components of variation in that measurement process.
- **PPAP** – Production Part Approval Process. For establishing confidence in suppliers and their production processes. Measurements are taken of the parts produced and are used to complete the various test sheets of PPAP.
- **PSW** – Part Submission Warrant. A document that summaries the whole 'PPAP Package'.
- **QMS** - Quality Management System
- **RFQ** - Request for Quotation
- **RoHs** – Restriction of Hazardous Substances.
- **REACH** - registration, evaluation, authorisation and restriction of chemicals.
- **SLA** – Service Level Agreement.

11

# Revision history

Version	Issue no	Date	Responsible
Revision 1	First Issue	29th Jan 2014	T. Tilford
Revision 2	2016 update	21st Sept 2016	T. Tilford
Revision 3	2019 update	18thMar2019	T. Tilford
Revision 4	07th Feb 2023 update	7th Feb 2023 update	T. Tilford