



# Supplier Quality Manual

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# Supplier Quality Manual

## Supplier Quality Manual -- WELBILT

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## 1. Introduction

### 1.1 About WELBILT

WELBILT designs, manufactures and supplies best-in-class food and beverage equipment for the global foodservice market. With operations in the Americas, Europe and Asia, the company has a portfolio of best-in-class brands including: [Cleveland®](#), [Convotherm®](#), [Dean®](#), [Delfield®](#), [Frymaster®](#), [Garland®](#), [Kolpak®](#), [Koolaire®](#), [Lincoln®](#), [Manitowoc Beverage Systems®](#), [Manitowoc Ice®](#), [Merco®](#), [Merrychef®](#), [Multiplex®](#), [RDI Systems®](#), [Servend®](#), [US Range®](#), and [Welbilt®](#) products.

WELBILT aims to achieve world class quality through close partnerships between our customers and suppliers. Since the quality of the materials provided by our suppliers can have a significant impact on our products; this document outlines the processes to ensure that our supply base is continually improving quality and delivery and providing material at the lowest total cost.

As our partners, suppliers are responsible for the quality of their products and this document states the technical and organizational framework necessary for achieving the desired quality goals and describes the requirements for quality planning and quality assurance.

### 1.2 Scope

This manual and WELBILT TERMS and CONDITIONS applies to all supplier of materials, components, sub-assemblies, finished goods, and outside service suppliers.

### 1.3 Responsibility of the Supplier

Acceptance of a PURCHASE ORDER (PO) and/or a signed supplier agreement requires the supplier to review, understand, and satisfy the requirements of this manual and any other associated requirements outlined in the PO.

The latest revision of the supplier quality manual is available at

>> <http://www.welbilt.com/About-Welbilt#Suppliers>

>> WELBILT

## 2. Quality System Requirements

### 2.1 Quality Systems

Suppliers shall maintain a Quality Management System (QMS) suitable to the products and services provided that is certified by an accredited 3rd party registrar to ISO 9001. In the absence of 3rd party certification, WELBILT may authorize acceptance of the supplier based on a self and/or customer onsite assessment to the requirements.

Also, WELBILT may elect to perform an on-site compliance assessment whether or not third party certification exists. WELBILT has a supplier questionnaire that focuses on general quality requirements, and more importantly, unlike ISO, specific process requirements.

An effective environmental management system is also essential to delivering quality products and services. Global regional requirements will determine if an environmental management system is necessary.

### 2.2 Quality Planning

Suppliers may be involved in new product development and/or participate in the WELBILT New Product Introduction (NPI) process. Where applicable, suppliers shall demonstrate a robust new product development (NPD) system for hardware and software, during a qualifying on-site audit. The supplier NPD process should include the following phases:

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- Design Requirements
- Project Management
- Design Flow & Design Control
- Component Engineering (hardware)
- Software Process including testing
- Reliability
- Customer Satisfaction

Any additional specific requirements and provisions will be provided prior to the audit.

## 2.3 Quality Records

The supplier must define and maintain retention periods for documents, records and reference samples according to the schedule below:

Record Type	Description	Retention Period (Yrs.)
<b>Management</b>	Management review; HR capabilities	3
<b>Production &amp; Process</b>	Verification of product/process; PAPP; special process; product identification and traceability (if applicable by contract); product release;	10
<b>Engineering</b>	Design input requirements, specifications, design reviews, design outputs; design verification and validation (as appropriate); design changes	10
<b>Purchasing/outourcing by WELBILT Suppliers</b>	Supplier evaluation and reevaluation; supplier records on product/process control; purchase orders with terms and conditions	10
<b>Quality</b>	Equipment maintenance, equipment calibration; internal audits; non-conforming product/process (CARs); material review records; incoming inspection	10
<b>Other</b>	As identified in a WELBILT purchase order	10
<b>Exceptions</b>	Country Specific	As controlled by the laws of that country.

### Record destruction:

- Paper record destruction shall be controlled through a secure shred organization.
- Digital destruction shall not be recoverable.

## 2.4 Material Traceability

As applicable, the supplier is required to establish a lot traceability system that tracks raw material lot or batch numbers to the finished product lot or individual serialized item.

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## 3. Part Qualification

### 3.1 Production Part Approval Process (PPAP)

WELBILT uses PPAP to qualify both new purchased parts and changes to existing parts or process(es). Reference the PPAP Manual for the details to complete and submit the PPAP.

PPAP shall be required for a variety of reasons including:

- **New parts, process or suppliers:**
  - New part or product
  - New supplier
  - New process or technology
  
- **Changes to existing product:**
  - Change to construction material or component
  - New additional or modified tools
  - Upgrade or changes to existing tools
  - Tooling production or equipment transferred to a different site
  - Change of supplier or non-equivalent materials/services
  - Product when tooling has been inactive for 12 months
  - Product or process changes on the components of the product
  - Change in test or inspection method
  - Bulk material: New source of raw material
  - Change in product appearance attributes
  - Change in production process or method
  - Change of sub-supplier or material source

The purpose of the Production Part Approval Process (PPAP) is:

- To provide the evidence that the customer requirements, engineering drawings and specifications are properly understood and fulfilled.
- To demonstrate that the manufacturing processes can produce product that consistently meets the requirements during an actual production run at a rate to support customer demand.

PPAP evidence must be submitted prior to a mutually agreed due date. WELBILT will not pay for material or shipping related costs associated with PPAP parts that are not approved.

### 3.2 Deviations

If there are deviations from the specifications which were not discovered during the manufacturing process and product release of initial samples, WELBILT is entitled for a claim at a later date.

All deviation requests must be submitted to the WELBILT facility Quality Department in writing for review and approval prior to delivery and associated deliveries must have additional identification labels on all loads and documents (e.g. shipping note).

### 3.3 Material Compliance

WELBILT reserves the right to request raw material confirmation on any supplier purchased product. The supplier must provide a detailed Certificate of Analysis (CoA) report when requested to verify that the raw material contained within the purchased product meets specific industry standards.

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### 3.4 Hazardous Substances Requirements

WELBILT markets and sells product world-wide, and must comply with various directives and legislation related to controlling, reducing or eliminating import of hazardous substances in the global marketplace. It is the suppliers' responsibility to ensure that their products conform to the latest published standard or requirement. Some of the most common referred to directives include:

**REACH:** Registration, Evaluation and Authorization of Chemicals. (EU Regulation)

**WEEE:** Waste and Electrical and Electronic Equipment Recycling. (EU legislation) restricting the use of hazardous substances in electrical and electric equipment (Directive 2002/95/EC) and promoting the collection and recycling of such equipment. (Directive 2002/96/EC) has been in force since February 2003.

**RoHS 2:** Restriction of Hazardous Substances (such as lead, Mercury, Cadmium, Hexavalent Chrome, Polybrominated flame retardants) in electrical & electronic equipment. Regulations apply to manufacturers assembling electrical/electronic equipment in the EU or import it from outside Europe.

**Conflict Minerals:** Ensure that supplied parts and products are conflict-free," meaning that if they contain metals derived from columbite-tantalite (tantalum), cassiterite (tin), gold, wolframite (tungsten), or their derivatives (collectively "Conflict Minerals"), such Conflict Minerals either originate outside the Democratic Republic of the Congo or an adjoining country ("Covered Countries"), or if sourced within the Covered Countries, are confirmed to be conflict-free, meaning that the minerals do not directly or indirectly finance or benefit armed rebel groups through mining or mineral trading in the Covered Countries. Reference the WELBILT TERMS and CONDITIONS for additional details.

### 4 Packaging and Labeling Requirements

The supplier is expected to meet the shipping, packaging, and label requirements as specified by the WELBILT location. Country of origin must be labeled on the product in accordance with any WELBILT supplied procedures and work instructions. All shipments must comply with the laws of the shipping, in-transit, and receiving countries. Packaging must ensure the product arrives at the WELBILT in good condition meeting all product requirements.

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## 5 Corrective Action

### 5.1 Methodology — Eight Disciplines (8D) of Problem Solving

For any component or system quality issue, time is of the essence and fast response is expected from all suppliers in order that WELBILT facilities are able to maintain their production schedules.

The supplier must maintain a system to prevent and control nonconforming products.

- Part traceability must be guaranteed throughout production (batch/lot), inspection, and test processes to help identify the root cause.
- Nonconforming material (**NCM**) must be physically identified and clearly separated from conforming parts (e.g. scrap bin, area, or quarantine location).
- Further processing or delivery without the approval of the customer is not acceptable.
- If NCM is identified, the customer facility must be notified in a timely manner and traceability data provided to limit NCM from reaching our customers.

To minimize the impact of the issue, effective problem solving methods (preferably an **8D**) should be used to identify the team, describe the problem, contain the defect and implement interim countermeasures, identify the root cause, identify the permanent countermeasures, validate and implement the permanent countermeasures, prevent recurrence by reviewing similar parts and processes and updating the associated quality documentation, and closing the issue.

The supplier must ensure that the countermeasures, repair, or re-work initiated do not impair the process or affect the part dimensions, accuracy, function, stability, durability or appearance. These may be targeted during onsite customer audits.

**Note:** Any repaired parts supplied to the customer must have prior approval from the customer Quality Department and follow established quality control plan procedures

WELBILT will immediately attempt to limit the impact of supplier quality issues by:

1. Changing production lot of supplied parts or components or equipment
2. Sorting to find conforming parts, components, or equipment
3. Repairing or reworking conforming parts, components, or equipment
4. Expediting delivery of supplier conforming parts, components, or equipment
5. Changing the production schedules

### 5.2 Chargeback

Costs related to non-conforming material expenses will be charged back to the supplier. (Refer to the T&C's for details).

### 5.3 Component Warranty

Supplier will provide a warranty for all components supplied to WELBILT facilities, the warranty term will be determined when negotiating supply agreement. All components that fail during the warranty period will be the responsibility of the supplier. If components are requested to be returned, the following charges will be the responsibility of the supplier;

- Freight cost to have the component shipped back to WELBILT facility.
- Handling and freight cost to return the component from WELBILT facility to supplier
- Field service costs for parts and labor to replace defective component

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## 6 Requirements Communication

### 6.1 Request for Quote (RFQ) or request for information (RFI)

All RFQ's will typically contain all necessary information for a quotation, including:

- Engineering drawings
- Technical specifications
- PPAP submission requirements
- Terms and Conditions

The supplier must contact WELBILT in the event the RFQ materials are unclear, or missing key information necessary for quotation.

### 6.2 Risk Management and Mitigation

The supplier must have process controls to mitigate and minimize customer production downtime and take suitable precautionary measures (e.g. Failure Mode & Effect Analysis) to evaluate risks and prevent events that could impact product development, quality, delivery, or quantity of the materials ordered.

If there is a production breakdown, the supplier must provide timely notification of the issue and a plan to minimize the errors and/or secure replacement deliveries.

### 6.3 Revisions

Any revisions to the product requirements will be communicated through the WELBILT Sourcing function or through revision levels called out on Supplier Schedules. It is the supplier's responsibility to review Supplier Schedules to ensure that up-to-date revisions of product requirements are utilized by their manufacturing. It is the supplier's responsibility to put in place a system for ensuring that the latest revision is being utilized. The supplier is not allowed to deliver previous revision level parts or materials, except by written agreement from the WELBILT Sourcing function.

## 7. Management of Change

### 7.1 Management of Change

The effect of many different types of changes that occur without prior approval can adversely affect our business. As a supplier, you are required to notify WELBILT Sourcing function in writing via a Supplier Change Request (SCR) no less than 90 days prior to any anticipated change, which may not be implemented without prior approval. Changes may require submission of a PPAP.

**Unapproved changes made by the supplier are subject to chargebacks on costs incurred related to the change.**

### 7.2 Supplier Change Request (SCR)

WELBILT Sourcing function provides a form called the supplier change request (SCR) form, which must be completed and sent to your Sourcing representative. A SCR is only for Permanent changes and does not apply to temporary changes. Temporary changes are handled through the deviation process and will require engineering approval and product verification & validation.



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## 8. Monitoring and Improvement

### 8.1 Supplier Scorecard

WELBILT uses the scorecard to monitor supplier performance and identify improvement opportunities.

- Supplier evaluations
- Performance with specific KPIs

SUPPLIER SCORECARD			
Category	Weight	Score (1-Min / 5-Max)	Totals
Quality	6		
Delivery	5		
Total value/inventory	3		
Business relationships/service	3		
Technical Support	3		
Total			

Scoring by Category: 1: Disagree 3: Agree 5: Strongly Agree

### Category Definitions

**Total cost/inventory value** – Price competitiveness, support inventory management, reduced WELBILT operations costs, lead time, materials management program

**Delivery** - On time performance %, delivery problem notification, order documentation, responsiveness to order change requests,

**Quality** – Minimize DPM, warranty costs %, Quality \$ impact, quality programs, non-conforming material resolution

**Business relationship/Service** – Customer service, meets agreement requirements, commitment to agreements, rep support, improvement suggestions, cost information, market/industry information, operational risk, financial risk, sustainability

**Technical support** – technical design accuracy, innovative solutions, NPI project and prototype support, quality of technical reps, testing capabilities, approval of application, meets part reliability level

### 8.2 Performance Evaluation (For additional details review the supplier evaluation mapping document)

Total Scoring Definitions:	Rating	Actions
Unacceptable:	20 to 39	Provide plan to remove supplier
Needs improvement	40 to 59	Provide immediate performance improvement plan of 30 to 90 days
Meets requirements	60 to 79	Provide plan to exceed requirements
Exceeds requirements	80 to 91	Set up strategic plans to further improve value
Exceptional supplier	92 to 100	Supplier Recognition

Suppliers must obtain a total rating of “Exceeds requirements” or higher to remain a strategic supplier.

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### **8.3 Continuous Improvement**

WELBILT expects an ongoing effort to improve products, services and processes.



Accordingly, suppliers are expected to continuously improve Quality, Delivery, Cost, and Service performance and may include but are not limited to:

- Improving product quality
- Improving supplier delivery
- Reducing costs
- Reducing lead time
- Increasing capacity/Flexibility
- Reducing operational/financial risk

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## 9. Revision Control

RELEASE AND REVISION HISTORY		
Date	Originator	Description
2/19/16	Tom Wooderson	Initial Release
10/21/16	John Jackson	Major revision for global alignment
3/22/17	John Jackson	Updated the WELBILT Brand
6/21/18	John Jackson	Updated the MFS, MTWFS, Manitowoc Food Service references to Welbilt and WBT

Approved:	<div style="text-align: center;">             _____            Process Owner (Rich Nowak)         </div>
Approved:	<div style="text-align: center;">             _____            Corporate Quality Director (John Jackson)         </div>

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**SUPPLIER AGREEMENT:**

(Supplier Name) \_\_\_\_\_, (Supplier ID) \_\_\_\_\_ agrees to fully

comply with the requirements set forth in the WELBILT Supplier Quality Manual (most recent Revision accessed on the WELBILT Website).

Supplier Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

**Received by:**

WELBILT Supply Chain (Name): \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_