QSV 5 (As of November 17, 2024)

Supplier Evaluation

1 Purpose

In the spirit of continuous improvement and to proactively identify potential risks with suppliers and address them with appropriate corrective actions, Scherzinger regularly evaluates its suppliers based on standardized assessment criteria.

The results of the supplier evaluation serve as a basis for procurement decisions, particularly for awarding new contracts.

2 Procedure

Scherzinger communicates the evaluation results to the supplier in writing or electronically. If the supplier delivers to multiple locations during the evaluation period, the results may be consolidated in one notification.

Suppliers receiving a rating of "B" or "C" are required to respond to the contact person(s) mentioned in the accompanying letter. The response must include a root cause analysis and specify corrective measures with assigned responsibilities and deadlines, demonstrating the supplier's commitment to improving their delivery performance.

3 Ratings

Based on the percentage achieved for individual evaluation criteria, suppliers are rated as follows:

Points (%)	Rating	Meaning
90-100	SCHERZINGER's requirements are fully met. The supplier is among the top performers in the evaluation period and is consider preferred development partner for new projects.	
70 – 89,9	В	SCHERZINGER's requirements are largely met. The evaluation identifies potential areas for improvement, and SCHERZINGER expects an improvement plan to enhance delivery performance.
< 70	С	SCHERZINGER's requirements are insufficiently or not met. The supplier must present an appropriate action plan within 7 days and coordinate it with SCHERZINGER. Depending on the situation, SCHERZINGER may audit the actions on-site.

Supplier Evaluation – Evaluation Criteria

Overall Evaluation

SCHERZINGER evaluates the performance of production material suppliers annually based on three main criteria:

- On-Time Delivery
- Quantity Reliability
- Quality

Criterion	Abbreviation	Weighting
On-Time Delivery	M1	40%
Quantity Reliability	M2	10%
Quality	M3	50%

Suppliers with fewer than three deliveries per year or a total delivery volume of less than €20,000 are evaluated but not included in the overall results.

The performance of suppliers for outsourced processing (contract work) and consumable tools is determined annually through discussions with the department managers concerned, and results are communicated.

Sample deliveries are also evaluated!

A poor audit result can lead to a downgrade, regardless of calculated scores.

Main Criteria: On-Time Delivery and Quantity Reliability

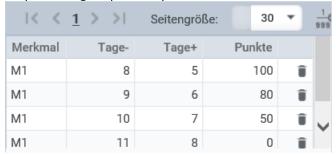
Die Kennzahlen werden durch Zubuchen der Wareneingangsdaten in den Systemen und durch Verrechnung mit den vorab durch den Einkauf von SCHERZINGER systemseitig gebuchten Sollvorgaben ermittelt.

On-Time Delivery ("M1")

This metric is calculated as the deviation between the actual delivery date and the scheduled delivery date in the purchase order. Points are awarded based on the degree of deviation (early or late) according to SCHERZINGER's internal scoring system.

The M1 metric is weighted/calculated differently for specific product groups:

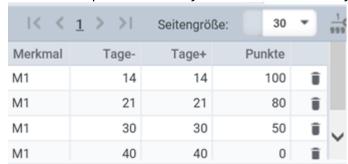
All product groups, except "161 Outsourced Processing" and "Third Country with Extended Delivery Times"



Product Group "161 Outsourced Processing"



Product Group "Third Country with Extended Delivery Times"



Quantity Reliability ("M2")

This metric is calculated as the deviation between the delivered quantity and the ordered quantity specified by SCHERZINGER. Points are awarded based on the degree of deviation (over- or under-delivery) according to SCHERZINGER's internal scoring system.

The M2 metric is weighted/calculated differently for various product groups, including:

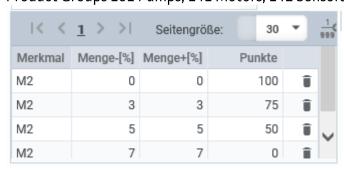
Product Groups 113 Turning/Milling Parts; 114 Sheet Metal Processing

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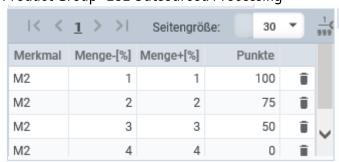
Product Groups 111 Cast/Pressed Parts; 112 Sinter/MIM Parts; 115 Semi-Finished Products (Raw Material); 116 Springs; 117 Standard Parts; 118 Plates; 121 Seals; 122 Plastic Injection Molding; 131 Couplings/Magnetic Couplings; 132 Rolling Bearings/Ball Bearings/Needle Bearings; 133 Plain Bearings; 134 Valves, Pneumatics

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Product Groups 101 Pumps; 141 Motors; 142 Sensors; 143 Electronic Components; 144 Solenoid Valves



Product Group "161 Outsourced Processing"



Scherzinger Pumpen GmbH & Co.KG http://www.scherzinger.de Postfach 1154 – 78113 Furtwangen Bregstraße 23 – 78120 Furtwangen Telefon +49 (0)7723/6506-0

Telefax +49 (0)7723/6506-40

Internet:

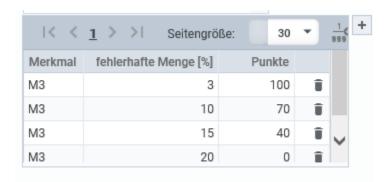
e-mail: info@scherzinger.de

Product Group "Third Country with Extended Delivery Times"

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Main Criterion: Quality Performance ("M3")

The quality performance metric is assessed according to a sampling plan and evaluated using SCHERZINGER's internal scoring system.



In cases of a quality downgrade, the supplier receives a formal complaint.

Additionally, SCHERZINGER may issue an "advisory complaint" for minor deviations that do not directly affect product quality, such as incorrect packaging. These advisory complaints do not result in a downgrade.

Hidden/Delayed Defects

SCHERZINGER reserves the right to retroactively adjust supplier evaluations in cases of hidden or laterdiscovered defects. This is done via a return (complaint) in the ERP system and results in a retroactive quality downgrade.

Suppliers in such cases receive an official complaint notification from SCHERZINGER.