



# Supplier Excellence Manual

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**Sustainably Inspired**

## Contents

1	Introduction.....	6
1.1	Our Company .....	6
1.2	Our Mission.....	6
1.3	Our Vision .....	6
1.4	Our Values.....	6
1.5	Purpose and Scope of this Manual.....	7
1.6	Partnerships and Supplier Development .....	7
2	Environmental, Social, and Governance Expectations.....	7
2.1	Responsible Sourcing.....	7
2.2	Diversity .....	8
2.3	Sustainability .....	8
2.3.1	Resource Consumption .....	8
2.3.2	Greenhouse Gas Emissions.....	9
2.3.3	Material Disclosure.....	9
2.3.4	Conflict Minerals.....	9
3	Supplier Onboarding .....	10
3.1	Supplier Selection .....	10
3.2	Supplier Assessments .....	10
3.2.1	Supplier Self-Assessment.....	10
3.2.2	Supplier On-Site Assessment.....	10
3.3	Business Continuity .....	11
3.4	Quality Management System .....	11
4	Operation.....	11
4.1	New Product Development / APQP.....	11
4.2	Supplier Product Qualification .....	12
4.3	Design Transfer.....	12
4.4	Engineering Sample Approval .....	12
4.5	Production Part Approval Process (PPAP).....	12
4.6	Design Control .....	13
4.7	Change Management .....	14

4.7.1	Supplier Change Requests (Permanent Deviations) .....	14
4.7.2	Temporary Change Requests (Temporary Deviation) .....	14
4.8	Control of Non-Conforming Product / Process .....	14
4.8.1	Supplier Inspections.....	15
4.8.2	Supplier Corrective Action Request (SCAR) .....	15
4.9	Product Identification and Traceability .....	15
4.10	Agency Approvals / Certifications.....	15
4.11	Sub-Tier Supplier Control .....	16
4.12	Tooling .....	16
4.12.1	Zurn Elkay Owned Tooling.....	16
4.12.2	Supplier Owned Tooling .....	17
4.13	Packaging.....	17
4.14	Shipping Labels / Packing Slips .....	17
4.15	Material Certification / Test Reports.....	17
4.16	Supplier Furnished Lot Documentation .....	18
5	Performance.....	18
5.1	Supplier Performance Metrics.....	18
5.2	Supplier Risk Assessments .....	18
5.3	Quality & ESG Assessments .....	18
5.4	Cost Recovery .....	19
6	Improvement .....	19
6.1	Continuous Improvement .....	19
6.2	Supplier Improvement Plans.....	19
7	Logistics .....	20
7.1	International.....	20
7.1.1	Ocean Freight (FCL & LCL).....	20
7.1.2	Air Freight .....	20
7.1.3	Booking .....	20
7.1.4	International Shipping Documents .....	20
7.2	Domestic North America.....	20
7.2.1	All Movement Types (LTL, Parcel, FTL, etc) .....	20

7.2.2 Booking .....	21
8 Trade Compliance .....	21
8.1 What is Trade Compliance? .....	21
8.2 Trade Compliance Expectations .....	21
8.3 Product Origin Marking and Labelling Requirements .....	21
8.4 International Shipping Data .....	22
8.5 International Shipping Documents .....	22

Dear Valued Supplier,



**Wesley Cline**

*SVP, Global Supply Chain  
and Logistics*

Headquartered in Milwaukee, Wisconsin, Zurn Elkay Water Solutions works with customers around the globe to deliver products and systems that enhance and ensure sustainable water management, quality, safety, hygiene, flow control and conservation.

Suppliers play a crucial role in our success, through relationships built on trust, integrity and a shared commitment to world-class performance.

We firmly believe in responsible, ethical and sustainable business practices, and this Supplier Excellence Manual is intended to provide you and your teams a clear understanding of our expectations, guidelines and processes. By adhering to these standards, we can ensure seamless collaboration, enhanced operational efficiency and shared success in the competitive marketplace.

As you review the Supplier Excellence Manual, please share any suggestions for improvement or additional topics that you believe should be included.

Thank you for your ongoing partnership in delivering exceptional products and services to our customers!

Wesley Cline  
Senior Vice President  
Global Supply Chain & Logistics

# 1 Introduction

## 1.1 Our Company

Zurn Elkay Water Solutions Corporation is the single-source leader of advanced water solutions, including drains, rough plumbing, finish plumbing, water delivery and bottle fillers, PEX pipe and fittings, commercial and residential sinks, and water safety and control products. Our products deliver time-saving installation for contractors and the lowest total cost of ownership for building owners. Our technology tools simplify the specification process for engineers, and Zurn Elkay Connected Products provide building maintenance personnel with real-time insights to manage costs and minimize risks.

## 1.2 Our Mission

Zurn Elkay Water Solutions Corporation builds value and trust through our superior knowledge of our global marketing and the customers we serve. We provide innovative water solutions delivered by exceptional people.

## 1.3 Our Vision

We aspire to provide the safest and most efficient water solutions to promote human health and the environment.

## 1.4 Our Values



## 1.5 Purpose and Scope of this Manual

The purpose of this Supplier Excellence Manual is to provide a clear understanding of our expectations, guidelines and processes to suppliers of any of the companies of Zurn Elkay Water Solutions Corporation.

Please note that Zurn Elkay Water Solutions Corporation and its subsidiaries are hereinafter referred to as Zurn Elkay.

The requirements in this manual are a supplement to, and do not replace or alter, terms or conditions within Zurn Elkay supplier/purchase documentation, engineering drawings and/or specifications. This document applies to all suppliers of Zurn Elkay's direct and indirect materials and services. This document serves as a general guideline for conducting business with Zurn Elkay but is NOT all inclusive and in no way attempts to outline commercial requirements.

\*Some sections within this document may apply only to direct materials and services.

## 1.6 Partnerships and Supplier Development

Suppliers are considered an integral part of the Zurn Elkay business. The capabilities and performance of our suppliers support our goal of providing superior value to our customers by meeting or exceeding their expectations and requirements. Relationships with our suppliers are built on quality principles and practices to achieve the best performance, delivery, service, and cost.

Zurn Elkay strives to develop partnerships with our suppliers to achieve common goals. The resulting quality and productivity improvements benefit Zurn Elkay's customers, suppliers, and our supplier relationships, thus creating loyalty and financial success.

# 2 Environmental, Social, and Governance Expectations

All suppliers are required to fully read, understand, and adhere to the policies and principles within this manual.

## 2.1 Responsible Sourcing

Zurn Elkay is committed to conducting business in an ethically and legally responsible manner. Supplier shall comply with all laws and regulations that apply to its business. In addition, Zurn Elkay expects Supplier to comply with the principles set forth in the Supplier Code of Conduct, as well as Zurn Elkay's Human Rights Statement. Adherence to the Supplier Code of Conduct and the Human Rights Statement will be included in Zurn Elkay's supplier evaluation, and failure by the Supplier to comply could serve as grounds for disqualification as a Zurn Elkay supplier. It is the Supplier's responsibility to read, understand, and comply entirely with our Supplier Code of Conduct. A copy of the Zurn Elkay Supplier Code of Conduct and Human Rights Statement can be found on the Zurn Elkay website: [Supplier Code of Conduct](#) and [Human Rights Statement](#)

## 2.2 Diversity

Zurn Elkay is committed to ethical sourcing practices around the world that strengthen and enable our Core Values. Zurn Elkay recognizes the importance of supplier diversity in all aspects of its business and procurement practices and actively encourages the development, utilization and economic growth of certified Minority, Women, LGBTQ, Small and Veteran Business Enterprises (“MBE/WBE/LGBTQ/SBE/VBE”). Zurn Elkay believes that strengthening the diverse supplier community contributes to the overall economic growth and expansion of our markets and contributes to the success of the communities where we live and work. Therefore, it is our company-wide policy to offer diverse businesses an opportunity to compete on an equal basis with all other bidders.

Zurn Elkay will strive to build strategic partnerships based on three key pillars of activity: value creation; economic inclusion; and business development. Zurn Elkay commits to creating a sustainable diverse sourcing strategy by focusing on these objectives.

- Increase participation of diverse businesses throughout our supply chain
- Set and achieve annual diverse spend targets across all areas of spend
- Actively participate in diversity conventions, events, and education organization
- Host an annual Supplier Diversity Day

A copy of the Zurn Elkay Diversity Policy can be found on our website, [Supplier Diversity Policy](#)

## 2.3 Sustainability

Suppliers are encouraged to develop and maintain sustainability metrics on their own operations that can be shared with Zurn Elkay and the public at large. Zurn Elkay has developed and launched a Sustainability Program, which includes publishing a Sustainability Report annually. The report is found on the Zurn Elkay website: [Zurn Elkay - Sustainability Report 2022 \(yupub.com\)](#). As our journey evolves, Zurn Elkay may reach out to suppliers to gather relevant sustainability metrics including, but not limited to, greenhouse gas emissions, waste from manufacturing operations, transit emissions, environmental impact of products and social impact.

### 2.3.1 Resource Consumption

Zurn Elkay may request suppliers to submit data regarding water use, energy use and waste for a supplier’s operation. Data can be normalized per product output supplied to Zurn Elkay. If normalizing factors are not feasible at this time, aggregate numbers may be provided.

- Waste: Zurn Elkay would like to understand the waste associated with the manufacture of the products supplied to us. Waste totals shall be reported in metric tons. Please specify method of disposal, e.g., landfill, recycle, compost, incineration. If the supplier handles hazardous waste or releases emissions regulated by the local government body, proof of compliance must be provided.
- Energy: Zurn Elkay would like to understand the energy use of the facility in which product is manufactured. Energy use may be reported either as total energy use of the

facility/company of the supplier or may be normalized to the product supplied to Zurn Elkay. Energy shall be reported in kWh, MWh or GJ.

- Water: Products manufactured in areas of water stress presents a risk to Zurn Elkay's supply chain, as well as the health and safety of the local community. Water use may be reported in liters or gallons. If possible, data should be normalized to products supplied to Zurn Elkay. Water stress shall be assessed using the WRI Aqueduct Water Risk Atlas.

### 2.3.2 Greenhouse Gas Emissions

To improve the reliability of resource usage data, Zurn Elkay expects suppliers to complete a greenhouse gas inventory pursuant to the GHG Protocol. Measuring and managing greenhouse gas emissions can help identify operational inefficiencies, increase profitability by reducing consumption, assist in carbon risk management, improve public perception of the company, and stay ahead of government regulations. Many platforms and resources are available for companies developing a greenhouse gas emission inventory and management plan.

### 2.3.3 Material Disclosure

Zurn Elkay is committed to improving our product stewardship and transparency efforts. As such, Zurn Elkay may require suppliers to disclose material information about products supplied to Zurn Elkay. The following list specifies details that Zurn Elkay may require.

1. Identify and disclose all known substances by CAS number\* and trade name (if applicable).\*\*
2. Identify percentage weight of each chemical substance in component or product.
3. Specify the total weight of the component or product.
4. Identify recycled content used in the manufacture of the component and/or product.
5. Identify the role of each chemical substance in the product.
6. Identify and disclose all finishes, coatings, and additives used in the component or product.

This information is intended for use in developing transparency documents known as Health Product Declarations. Health Product Declarations and other transparency documents are used to support product use in the green building sector and help drive the development of more sustainable products.

### 2.3.4 Conflict Minerals

Zurn Elkay Water Solutions ("Zurn Elkay") is committed to business practices that foster the health and safety of people, including a commitment to comply with Section 1502 of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"). Dodd-Frank implemented reporting and disclosure requirements related to the sourcing of certain minerals and derivatives, commonly known as tin, tantalum, tungsten and gold ("Conflict Minerals" or "3TG") that may, directly or indirectly, finance or benefit armed groups in the Democratic Republic of the Congo (the "DRC") or adjoining countries.

Zurn Elkay supports responsible sourcing of Conflict Minerals and expects its suppliers to source such minerals from smelters or refiners that have completed an independent third-party conflict minerals audit. Zurn Elkay is committed to conduct supply chain due diligence to assess risk

exposure. To that end, Zurn Elkay works, annually, with its suppliers to confirm that their sourcing of product does not contain 3TG that directly or indirectly finance or benefit armed groups in the DRC or adjoining countries. If Zurn Elkay becomes aware of a supplier who is sourcing 3TG containing product that directly or indirectly finances or benefits armed groups in the DRC or adjoining countries, Zurn Elkay will work with such supplier to eliminate such sourcing from its supply chain.

## 3 Supplier Onboarding

### 3.1 Supplier Selection

New Supplier Approval: The following steps must be executed to approve a new direct material supplier to do business with Zurn Elkay:

- Signed Non-Disclosure Agreement (NDA) to regulate the protection of business information before engaging in detailed discussions.
- Supplier Assessment
  - Supplier Self-Assessment (performed by supplier)
  - Supplier On-Site Assessment (performed by Zurn Elkay Supplier Quality)
- Supplier Excellence Manual (SEM) - this document

Note: A review of the self-assessment submission and risk assessment will determine the need for an on-site assessment of the supplier's facility(ies). Zurn Elkay reserves the right to request this assessment at any time in the future. Provided the steps above are successful, purchase orders may be placed for FAI samples.

For more information on how to become a supplier for Zurn Elkay, please visit the Zurn Elkay website.

### 3.2 Supplier Assessments

#### 3.2.1 Supplier Self-Assessment

Suppliers are required to complete a supplier self-assessment that contains Quality and Environmental, Social & Governance (ESG) topics. The Zurn Elkay Supplier Assessment form includes sections for both supplier self-assessment and Zurn Elkay assessment scores. Self-Assessment form available at Zurn Elkay Supplier site.

#### 3.2.2 Supplier On-Site Assessment

Zurn Elkay may conduct a supplier on-site assessment in the same format as the supplier self-assessment. This audit may be conducted via an on-site audit, virtual audit, or other methods.

### 3.3 Business Continuity

Suppliers shall prepare and maintain a Business Continuity Plan (BCP) at no cost to Zurn Elkay. The BCP shall be designed to ensure that the supplier can continue to provide goods and/or services in the event of a disaster or other BCP-triggering event. The supplier should articulate the recovery plan for each event to ensure service continues. A properly maintained BCP will be updated yearly and tested every other year. Zurn Elkay requests to maintain an active copy and may conduct a supplier BCP audit to review the supplier's BCP program. The following are examples of possible BCP- triggering events:

- Earthquake
- Typhoon, Hurricane and Flood
- Fire
- Epidemic / Pandemic
- Terrorism and War
- Public Infrastructure: Large-scale Power/Gas/Water Failure
- Public Infrastructure: Airport/Railway/Road Closing and Blockage
- Public Infrastructure: Telephone/IT Network Failure
- Cyber Infiltration

### 3.4 Quality Management System

Suppliers are expected to implement a robust Quality Management System (QMS) that promotes defect free products through prevention, monitoring, and continuous improvement. Suppliers providing products to Zurn Elkay are expected to maintain a formal Quality Management System (QMS) that is either registered to or is compliant with the majority of requirements with ISO9001 or equivalent standard. Suppliers are requested to provide Zurn with a copy of the registration certificate.

## 4 Operation

Some requirements within this section may apply only to direct materials and services.

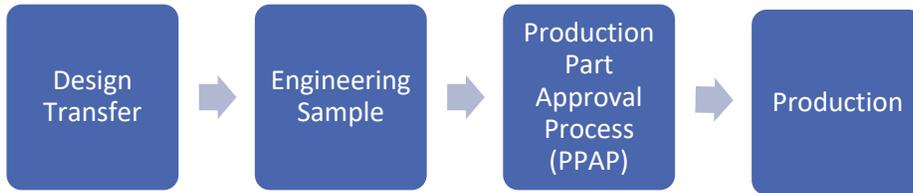
### 4.1 New Product Development / APQP

Suppliers need to understand that resources need to be applied prior to product realization. These resources are needed to have a successful product launch. Suppliers may be requested to perform design reviews as experts in a particular commodity while working with Zurn Elkay teams to concurrently design new products. Participation shall include value engineering analysis to optimize product total cost and design input to optimize product reliability and performance. Zurn Elkay's goal is to optimize total cost while reducing the new product development cycle and lead-time to the customer.

Suppliers shall convene internal cross-functional teams to prepare for production of new or changed products. Cross-functional teams should typically include Design,

Manufacturing Engineering, Quality, Production and Purchasing personnel. Suppliers are expected to review designs for manufacturing feasibility and cost savings opportunities.

## 4.2 Supplier Product Qualification



## 4.3 Design Transfer

The purpose of a Design Transfer is to ensure Zurn Elkay’s suppliers fully understand the specifications and requirements of the product(s) they intend to manufacture. Suppliers may also provide feedback on challenges and limitations that may be present based on the given specifications and requirements.

Suppliers shall participate in and support design transfer meetings to ensure that all specifications and requirements are understood prior to developing Engineering and PPAP samples. These meetings require the attendance of cross-functional teams (supply chain, quality, engineering, and manufacturing) from both Zurn Elkay and its supplier to be fully effective.

## 4.4 Engineering Sample Approval

Engineering Sample approval is a prerequisite to the Production Part Approval Process (PPAP). Suppliers shall prove their ability to manufacture a Zurn Elkay product that meets all specifications and requirements, prior to Zurn Elkay requesting PPAP samples.

Engineering Sample approval typically requires full dimensional inspection and functional testing on one to five samples manufactured by the supplier. The inspection and testing requirements may be conducted by: the supplier, a 3rd party, Zurn Elkay, or a combination of those parties.

## 4.5 Production Part Approval Process (PPAP)

To ensure all Zurn Elkay engineering design and specification requirements are properly understood, and to ensure the developed manufacturing / assembly / testing processes have the required capability to continuously produce quality products, suppliers are required the Zurn Elkay Production Part Approval Process (PPAP). Ownership and direction of Zurn Elkay PPAP will be given by the Zurn Elkay Supplier Quality team. Full or conditional approval must be received by the supplier before any shipments for production can proceed. Any shipments received prior to this approval may be rejected and returned to the supplier. Exceptions shall be approved by Zurn Elkay prior to shipment.

The Zurn Elkay PPAP process is based on the AIAG PPAP reference manual. Production part approval (PPAP) may be required prior to accepting production shipments of product in the following situations:

- A new part or product
- Correction of a discrepancy on a previously submitted part
- Product modified by an engineering change to design, specifications, or materials
- Use of alternate construction or material than was used in the previously approved part
- Production from new or modified tools (except perishable tools), dies, mold, patterns, etc.
- Production following refurbishment of existing tooling or equipment
- Production following change in process or method of manufacture
- Production from tooling and equipment transferred to a different plant location or from an additional plant location.
- Change of source or subcontracted parts, materials services.
- Product re-release after the tooling has been inactive for production for two years or more.
- Following a Zurn Elkay request to suspend shipment due to a supplier quality concern.

Approval and return of the signed Part Submission Warrant (PSW) by Zurn Elkay Supplier Quality will indicate approval of the PPAP submission.

After PPAP approval, suppliers are responsible for assuring future products continue to meet all Zurn Elkay requirements by following the established quality control plans and relevant quality system/manufacturing processes.

Rejection and return of the Part Submission Warrant (PSW) by Zurn Elkay Supplier Quality will indicate the submission, the production lot from which it was taken, and the accompanying documentation do not meet Zurn Elkay requirements. Corrected product and/or documentation must be re-submitted for approval prior to production quantities being accepted by Zurn Elkay.

## 4.6 Design Control

Suppliers responsible for product design on Zurn Elkay products shall establish and maintain documented procedures to control and verify the design of the product to ensure that specific requirements are met. The supplier shall prepare plans for each design and development activity. The design activities shall be assigned to qualified and competent personnel equipped with adequate resources. Design input requirements relating to the product, including applicable statutory and regulatory requirements as well as Zurn Elkay specific requirements, shall be identified and reviewed. Design input shall take into consideration the results of any contract review activities.

The design process should include:

- Efforts to simplify, optimize, innovate, and reduce waste
- Analysis of cost/performance/risk trade-offs
- Use of testing and production feedback
- Use of Design Failure Mode and Effects Analysis (DFMEA)

- Formal documented reviews of the design results at appropriate stages of design. Participants at each design review shall include representatives of all functions concerned with the design
- Design verification to ensure the design output meets the design input requirements
- Design validation to ensure product conformance to defined needs and requirements

All design changes shall be identified, documented, reviewed, and approved by authorized personnel prior to implementation. All design changes, including those proposed by subcontractors, shall have written Zurn Elkay approval prior to production implementation. See 5.4.1 below. Suppliers shall maintain a formal engineering change order approval system.

## 4.7 Change Management

Suppliers and sub-suppliers are not to make any unauthorized changes to a product (e.g., material, component, subassembly, etc.) or the processes used to produce a product that has been previously approved by Zurn Elkay' PPAP process.

Any change made without written approval by Zurn Elkay would not only constitute a breach of our purchase order terms and conditions but would also be a breach of standard practice. Suppliers who do not adhere to this requirement will be held responsible for all damages, losses, and liabilities attributable to any unapproved change made by you or one of your suppliers (e.g., customer rejections, customer line stoppage penalty fees, field failures costs, warranty expense).

### 4.7.1 Supplier Change Requests (Permanent Deviations)

For permanent changes to a product or service, the supplier shall submit a Supplier Change Request and receive written authorization to proceed. Approval of a Supplier Change Request is not approval of the actual change to the product or process; it is an approval to proceed with PPAP. Zurn Elkay will communicate the product or process approval requirements based on each change request.

### 4.7.2 Temporary Change Requests (Temporary Deviation)

For temporary changes or deviations, suppliers shall submit a temporary change/deviation request for a limited quantity or duration of product or service. The temporary change must be approved through the Zurn Elkay deviation approval process prior to acceptance and shipment of the product or service.

## 4.8 Control of Non-Conforming Product / Process

The supplier shall establish a procedure and process to take necessary corrective and preventive actions for all rejects or nonconforming products found at supplier or Zurn Elkay. If non-conformances escape the supplier's control, the supplier must initiate actions to locate, identify and contain the non-conforming escapes. The actions may include the planning and execution of inspecting and sorting at Zurn Elkay manufacturing and/or

distribution facilities. 3rd party sorting may be used only with Zurn Elkay's consent. Non-conformances identified by the Zurn Elkay facility will be reported to the supplier.

The supplier is expected to provide Disposition Recommendations as follows:

- Return to Vendor (RTV)
- Scrap on site
- Sort on site
- Rework on site
- Sort/Rework at 3rd Party

#### 4.8.1 Supplier Inspections

Suppliers shall establish a quality control plan for all products provided to Zurn Elkay that includes outgoing quality inspections. The control plan shall ensure 100% of products meet all Zurn Elkay's requirements.

#### 4.8.2 Supplier Corrective Action Request (SCAR)

Zurn Elkay will evaluate each non-conformance and determine the necessary actions required to contain and disposition the affected parts. As needed, Zurn Elkay may issue a supplier corrective action request (SCAR) to the supplier. Zurn Elkay uses the 8D problem solving format for SCARs and suppliers are required to complete and submit a formal SCAR Report. SCAR form available at Zurn Elkay Supplier site.

- Each SCAR shall be assigned an owner by the Supplier for coordination back to Zurn Elkay. The supplier may submit SCARs on the Zurn Elkay form or Zurn Elkay approved equivalent.
- Containment shall be completed within 48 hours of notification.
- Action plans shall be communicated within 14 days.
- Goal of Closure is within 60 days.
- Closure of a SCAR is based on the effectiveness of corrective actions taken and verified/approved by a Zurn Elkay SQE team member.

#### 4.9 Product Identification and Traceability

Suppliers shall establish a lot-control and traceability system that provides for positive identification and documentation for each lot or batch of product from receipt of raw material through fabrication, processing, warehousing, and shipment. Traceability shall be maintained using a unique identifier assigned to each lot of material. It is the supplier's responsibility to ensure that lot control and traceability is extended to sub-contractors.

#### 4.10 Agency Approvals / Certifications

Zurn Elkay products hold various approvals and certifications from multiple listing agencies. Suppliers shall comply with all requirements defined by these standards and agencies. It is the supplier's responsibility to ensure all requirements are always being met and notify Zurn Elkay immediately if there is suspicion of non-compliance.

These agencies may conduct regularly scheduled or unscheduled (unannounced) on-site audits to verify compliance. Suppliers shall support and facilitate these audits to maintain Zurn Elkay's approvals and certifications.

If non-conformances are identified during one of these audits, the supplier must notify Zurn Elkay immediately. It is the supplier's responsibility to ensure affected products are immediately quarantined, root-cause is identified, and corrective actions are taken to resolve the non-conformance(s) promptly.

#### 4.11 Sub-Tier Supplier Control

Suppliers are responsible for the quality of products and services provided by their sub-tier suppliers and sub-contractors. Zurn Elkay suppliers shall impose controls on their sub-tier suppliers that provide quality results and documentation equivalent to the controls applied to suppliers by Zurn Elkay. The extent of the controls may vary, depending on the nature and complexity of the product and processes, but should generally include:

- Evaluation and qualification of sub-tier supplier facilities and processes
- Controls to ensure that raw materials used meet Zurn Elkay's requirements
- Controls to ensure that the sub-tier suppliers of components used are those approved by Zurn Elkay, where applicable
- Part qualification (PPAP)
- Control of drawings/revisions
- Incoming quality inspections
- Control of nonconforming material
- Corrective action and preventive action programs
- A continuous quality improvement program

Where appropriate, Zurn Elkay may specify the sub-tier suppliers that shall be used. Zurn Elkay may evaluate and qualify the sub-tier supplier's facilities and assist the supplier in controlling the sub-tier supplier. Typically, this occurs when the sub-tier supplier is an essential component of the supply-chain process. Zurn Elkay reserves the right to evaluate the quality system and records of such sub-tier suppliers as necessary. In the event of Zurn Elkay's involvement, it does not absolve suppliers of the ultimate responsibility for the quality performance of their sub-tier suppliers.

#### 4.12 Tooling

The supplier is prohibited from using Zurn Elkay tooling to make any product for any company except for Zurn Elkay or its representative without written authorization.

##### 4.12.1 Zurn Elkay Owned Tooling

All Zurn Elkay owned tools, fixtures and gages shall be physically identified with unique IDs and be compiled in a list, by the supplier, which documents the details of an appropriate control plan for their status, maintenance, repair, calibration, and general upkeep. This list should include specific numbers identifying all tools, fixtures, and gages,

as well as defining the Zurn Elkay part number they produce, acquisition date and manufacturer. The list shall be kept up to date and made available for Zurn Elkay to review whenever requested.

#### 4.12.2 Supplier Owned Tooling

Supplier owned tools (that are used in manufacturing of Zurn Elkay products), fixtures and gages shall be physically identified. Control plans for their status, maintenance, repair, calibration, and general upkeep should be maintained and made available for Zurn Elkay to review whenever requested.

#### 4.13 Packaging

Suppliers must appropriately package the products to prevent being damaged or destroyed in transit. In addition, suppliers must comply with any additional packaging requirements of the Zurn Elkay location that has ordered the products, including but not limited to: weight, dimensions, design, material, and labeling. Products may be subject to standardized packaging tests to evaluate integrity of packaging and product according to engineering requirements. Packaging, including alternative packaging (when applicable), must be submitted and approved by the Zurn Elkay location prior to initial shipment (documented in the PPAP documentation package under the Packaging tab).

#### 4.14 Shipping Labels / Packing Slips

At a minimum, all Shipping Labels and Packing Slips must include:

- Zurn Elkay Part Number
- Zurn Elkay Part Revision Level
- Zurn Elkay PO Number
- PO Line Number
- Quantity (Pieces)
- Supplier Name
- Country of Origin

Additional requirements may apply for specific products and Zurn Elkay business units.

#### 4.15 Material Certification / Test Reports

When requested, the supplier must provide a material certification/test report. This report must include the specification number, specified material and/or physical requirements, external standards/requirements met, and the inspection/test results. A simple statement that the material meets the requirements is not acceptable. Each report must be traceable to the supplier's material and must be signed by the organization that performed the testing. A Certificate of Conformity (COC) or Certificate of Conformance that states product(s) meet all required standards and specifications may also be requested. This document must be signed by an authorized quality associate.

## 4.16 Supplier Furnished Lot Documentation

Zurn Elkay may require the supplier to furnish inspection, test, process performance, or other quality data with each shipment to ensure that the product meets Zurn Elkay's requirements. When data submission is required, the data must accompany each shipment, or be e-mailed to Zurn Elkay at the same time as the lot is shipped. All documentation must be clearly identified with Zurn Elkay's part number, and the supplier's lot number. Zurn Elkay will notify the supplier in writing if the data submission may be discontinued.

## 5 Performance

### 5.1 Supplier Performance Metrics

Zurn Elkay tracks supplier performance through two primary metrics:

- Supplier DPPM (Defective Parts Per Million)
- Supplier OTD (On-Time Delivery)

Additional metrics may also be tracked based on specific needs.

### 5.2 Supplier Risk Assessments

Zurn Elkay conducts Supplier Risk Assessments on a regular basis to determine our supply chain strategy and risk appetite. The risk assessment includes, but is not limited to the following factors:

- Financial Health (Credit, Certificate of Insurance)
- Supplier Capacity
- Competitive Market
- On-Time Delivery (OTD)
- Defective Parts Per Million (DPPM)
- Cyber Threats
- Global / Domestic Variables
  - Geopolitical
  - ESG
  - Infrastructure
  - Human Rights

This section acts as a reference for suppliers. Actual Supplier Risk Assessment data is not published, but may be referenced in strategic partner's quarterly business reviews (QBRs).

### 5.3 Quality & ESG Assessments

Zurn Elkay may choose to conduct follow-up quality and ESG assessments/process audits at any time. Suppliers are expected to support and cooperate with these requests to help maintain a strategic partnership. Audits may be conducted by Zurn Elkay employees or by a 3rd party.

## 5.4 Cost Recovery

Suppliers are responsible for the quality, reliability and on-time delivery of products sold to Zurn Elkay. Costs associated with a failure to meet these requirements may be charged back to the supplier. These costs may include, but are not limited to:

- Sorting
- Rework
- Inspections (beyond standard Zurn Elkay procedure)
- Expedited /Air freight
- Additional Shipping Fees
- Layover / Storage / Detention / Demurrage Fees resulting from Supplier Non-Compliance
- Unplanned overtime
- Field failure costs
- Labor claims
- Administrative costs (reviewing/issuing/managing corrective actions)

These costs will be calculated on a per incident basis and generally issued through a debit memo.

## 6 Improvement

### 6.1 Continuous Improvement

A strong continuous improvement philosophy shall be evident throughout the supplier's organization. Suppliers shall continuously strive to improve in quality, service, delivery, and cost. Specific action plans shall be identified and developed for continuous improvement in all elements of the supplier's organization. Suppliers are encouraged to utilize Lean Manufacturing methods for waste reduction and Six Sigma methodology for reduction of variation. Appropriate measurables shall be used for determining the effectiveness of continuous improvement efforts. Examples include capability indices, control charts, design of experiments, cost of quality, value analysis, problem solving, etc.

### 6.2 Supplier Improvement Plans

Zurn Elkay may initiate a supplier improvement plan to support the development of a supplier. This may come in the form of a corrective action plan or continuous improvement action plan. Suppliers are expected to cooperate and support these plans to maintain the strategic partnership.

## 7 Logistics

### 7.1 International

#### 7.1.1 Ocean Freight (FCL & LCL)

- If Zurn Elkay is responsible for freight charges, Zurn Elkay's designated NVOCC/Steamship Line must be used. Zurn Elkay will advise supplier which Carrier Partner to use at the time of on boarding through a separate document with instructions
- There are times when Zurn Elkay will decide a change in the Carrier Network is required and will advise supplier at time of change
- Zurn Elkay will not accept the charges by any other forwarder unless approved prior to shipment by the appropriate Zurn Elkay buyer and the Zurn Elkay Logistics team

#### 7.1.2 Air Freight

- International Air shipments are to be only made on exceptions and with written approval. Supplier must be provided with a Zurn Elkay Approval Number (ZRN#) from a Zurn Elkay Buyer before booking and shipping.

#### 7.1.3 Booking

- Suppliers will be expected to use Zurn Elkay's online booking system to make and manage all bookings. Suppliers are to enter all required information when placing bookings.
- Zurn Elkay will provide training for each supplier prior to the first booking.
- If the supplier is unable to place a booking using the freight forwarder's booking system, reach out to your Zurn Elkay Contact.
- Suppliers are expected to plan shipments in advance and ensure that all bookings are accurate. If a Supplier changes a booking that causes a delayed shipment, Elkay will consider this the Supplier's fault and advise supplier accordingly. Elkay will monitor booking accuracy and reserves the right to fine Suppliers that consistently make booking errors or changes.

#### 7.1.4 International Shipping Documents

- See section 8.3

### 7.2 Domestic North America

#### 7.2.1 All Movement Types (LTL, Parcel, FTL, etc)

- If Zurn Elkay is responsible for freight charges, Zurn Elkay's designated Carrier Network must be used. Zurn Elkay will advise supplier which Carrier Partner to use at the time of on boarding through a separate document with instructions.
- There are times when Zurn Elkay will decide a change in the Carrier Network is required and will advise the supplier at time of change.
- Zurn Elkay will not accept charges from any other forwarder unless approved prior to shipment by the appropriate Zurn Elkay buyer and the Zurn Elkay Logistics team.

## 7.2.2 Booking

Suppliers are expected to utilize Zurn Elkay's processes & carrier network to arrange freight movements. Suppliers will be provided with training & system access prior to first use. Please notify your Zurn Elkay Contact to inquire about the Zurn Elkay shipping procedures. Zurn Elkay will not be responsible for any freight charges resulting from Supplier Non-Compliance to Zurn Elkay procedures.

## 8 Trade Compliance

### 8.1 What is Trade Compliance?

Trade compliance is an aspect of corporate compliance which ensures that all import and export transactions are in conformance with the laws and regulations of the countries involved.

### 8.2 Trade Compliance Expectations

Suppliers will comply with all applicable trade laws and regulations, including but not limited to import regulations, export controls, trade embargoes and economic sanctions, and anti-boycott laws. In addition to Supplier's other obligations under this Agreement, Supplier agrees as follows: (a) Restricted Parties. Supplier represents and warrants that neither it, nor its suppliers, contractors, subcontractors, or any other party acting on its behalf, is a Restricted Party

Country of Origin. Throughout the Term, Supplier will ensure Zurn Elkay has complete and accurate country of origin information for all Product(s) ("Country of Origin Information"). All Country of Origin Information updates will be provided to Zurn Elkay at [trade.compliance@zurn.com](mailto:trade.compliance@zurn.com) or upon Zurn Elkay's written request.

Free Trade Agreement Certifications. If Supplier provides Zurn Elkay a certificate of origin claiming that goods provided to Zurn Elkay qualify for duty-free treatment under a Free Trade Agreement, Supplier must maintain records supporting the origin stated in the certification for at least five years after the date on which the certificate was issued.

Supplier must provide the supporting records to Zurn Elkay or the requesting Customs Administration promptly upon Zurn Elkay's written request or formal request from Customs Authorities. (e) Antidumping and Countervailing Duties. If Supplier learns that any Products are or become subject to antidumping or countervailing duties for the purposes of import into the United States, Supplier will promptly notify Zurn Elkay by e-mail at [trade.compliance@zurn.com](mailto:trade.compliance@zurn.com).

### 8.3 Product Origin Marking and Labelling Requirements

Procedure for marking and labelling can be found on the Zurn Elkay website.

## 8.4 International Shipping Data

If Zurn Elkay is the importer of record for specific shipments, Supplier, its contractors, subcontractors, logistics providers or agents, must provide to Zurn Elkay all necessary shipping data to satisfy security, notification and other regulatory requirements applicable at the time of delivery, including but not limited to the U.S. Importer Security Filing (“ISF”) requirements. This shipping data must be provided to Zurn Elkay in sufficient time before Product is delivered to the carrier to complete the applicable requirements and in the case of ocean freight no less than three business days prior to delivery of Product to the carrier. Current ISF requirements can be found on the U.S. Customs and Border Protection website ([www.cbp.gov](http://www.cbp.gov)).

## 8.5 International Shipping Documents

International Shipping Documentation requirements can be found on the Zurn Elkay website.