

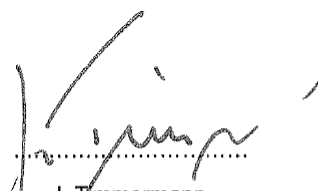
Management System Guideline

– an integrated approach –

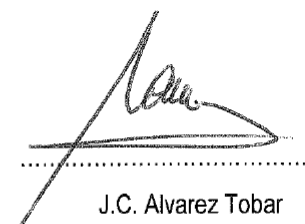
Version: 15



This guideline has been released by the Executive Board and is binding for all Weidmüller companies worldwide.


J. Timmermann
Chief Financial Officer


E. Eckstein
Chief Operating Officer


J.C. Alvarez Tobar
Chief Marketing and Sales Officer

Changes to the previous issue of 01.03.2016:
Minor Changes and adjustment of Organizational Changes



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Annex:

- M_001_An_01 ISO 9001 and IRIS Matrix
- M_001_An_02 Context of the organization

1. Introduction

The objective of this guideline is to document the Weidmüller Management Policy in conjunction with its general requirements which derive from the Integrated Management System and the responsibilities of the Senior Management. This guideline has been released by the Executive Board and is binding for all Weidmüller companies worldwide. The Weidmüller Group comprises manufacturing plants, sales companies and representatives, global divisions and functions. The management systems of the legal entities concerned have various forms and differ in their certification. However, the global applicability of this management system guideline will be achieved as it is rolled out and gradually replaces local management systems. Weidmüller's goal is to implement a single, integrated, global management system for quality, environment, energy and occupational health and safety. The resulting harmonization and implementation in legal entities is based on a defined approach. Certification is currently based on the local management systems.

2. Reference standards

Where relevant, Weidmüller aligns its processes to the following requirements:

- Quality management according to ISO 9001
- Environmental management according to ISO 14001
- Energy management according to ISO 50001
- Quality management according to ISO/TS 22163
- Health and safety management according to OHSAS 18001
- Ex quality management according to ISO/IEC 80079-34
- Weidmüller Nuclear management system
- Nuclear tendering according to KTA 1401
- Laboratory management according to ISO/IEC 17025
- Functional safety management according to IEC 61508

3. Terms and definitions

Specific terms and definitions used in Weidmüller are defined in the respective document levels and documents of the management systems.

4. Context of the Organization

4.1 Understanding the organization and its context

As an experienced expert, Weidmüller supports its customers and partners around the world with products, solutions and services for transmitting energy, signals and data in the industrial environment. The company is at home in their industries and markets and knows tomorrow's technological challenges. Thus innovative, sustainable and useful solutions for their individual needs are continuously developed. Together with its customers and partners, Weidmüller sets standards in Industrial Connectivity.

To achieve strong alignment with customer needs and to add significant value, excellent processes are an essential requirement. This aspiration is also one of Weidmüller's four basic values laid down in our Corporate Guiding Principles. These values define quality, environmental, energy and health requirements in all processes, products and services as the precondition for entrepreneurship characterized by trust, reliability and professionalism. Details can be found in Annex #2 of this Guideline.

4.2 Needs and requirements

4.2.1 Business areas / industry divisions and cross-functional services



Weidmüller is organized in industry divisions so that the strong customer alignment embedded in our strategy is also reflected in the way we are internally structure the organization. The Divisions Device & Field Connectivity, Cabinet Products and Automation Products & Solutions bring together our industry knowledge and product expertise.

Weidmüller's divisional structure aims to establish the Group as a component and solution provider and to position it as a high-profile supplier of automation solutions. Our industry divisions and business units work together to analyze the market and develop customer-oriented products, solutions and services. They concentrate on sectors and industries by collaborating to produce innovations with a strong focus on fulfilling the requirements of our customers. Cross-functional services and global specialist functions help the industry divisions to achieve this aim.

4.2.2 Sustainability

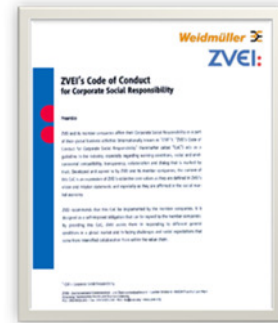
We pursue our goals in a sustainable way by aligning our entrepreneurial commitment to long term positive development of and impact on our environment and society.

Our goal is to achieve a balanced interplay between entrepreneurial interest, the preservation of the environment and social responsibility. This is stated in our company values since 1987.

Through our strengths we seek to bring about positive developments in all three areas and to create value for all concerned. We face up to and accept our responsibility for the next generations. Promoting education and building a strong culture of innovation are an integral part of our company culture. For us, sustainability is not just a buzzword but a corporate strategy that has been lived for decades. We face up to our responsibility by adhering to social codes of conduct and by caring for our staff, even more than statutory and legally required.

Weidmüller is also committed to the ZVEI Code of Conduct, the requirements of the Global Compact and the German Environmental Management Association (BAUM) and to social responsibility by:

- Ensuring fair competition
- Fighting corruption
- Safeguarding consumer interests
- Upholding the principles of national and international trade
- Providing safe, fair working conditions
- Producing safe products and protecting the environment
- Protecting business assets
- Combating discrimination
- Assuring data protection



4.3 Area of Application

The Weidmüller Group owns manufacturing plants, sales companies and representations in more than 80 countries. The external and internal issues and the requirements of the interested parties as defined in the context of the organization are integral to the scope of the quality management system.

The scope of Weidmüller's management system refers to Weidmüller's production sites as well as our sales organizations worldwide, including both the relevant internal and external parties as well as their expectations.

In relation to the scope of the individual norms / standards, these are either local responsibility or are controlled via the Weidmüller interface group certificate.

The services of the individual companies include, depending on the purpose of the company:

- Development, production and distribution of products and solutions for electrical connection technology and electronics
- Production of products and solutions of electrical connection technology and electronics
- Sales of products and solutions for electrical connection technology and electronics
- Production and supply of terminal rails, populated enclosures and cable assemblies for use in hazardous and non-hazardous area applications

However, the following applies in principle to all locations: The requirements of the management system are valid in all locations.

4.4 The Integrated Management System (IMS)

Since 1992, Weidmüller has maintained a quality management system according to the DIN EN ISO 9001 international management standard. The ongoing integration of other management systems for occupational health and safety, environmental protection, energy and laboratory management complete our current matrix-certified IMS and are gradually complementing our local management systems. Weidmüller also adheres to the international ATEX/IECEx standard, IRIS, a Weidmüller Nuclear Management System and IEC 61508 for Functional Safety Management. The Weidmüller IMS covers a wide range of documentary evidence.

All our certificates are available for download via the following link on the Weidmüller homepage:

<http://www.weidmueller.de/de/service/online-support-und-downloads>

5. Leadership

The Executive Board brings vision, planning, continuity, experience and guidance to the organization and fulfills the defined tasks of management in relation to the management systems that Weidmüller is accredited to, e.g. context, Interested parties.

This performance of this important role is evidenced in the provision of appropriate management system policies, objectives, identification of interested parties, risk identification / management, context of the organization and scope.

5.1 Management commitments / corporate values

The basis for our success is our set of corporate values and their even balance which ensure the continued long-term success of our business. In addition, the Executive Board undertakes to:

- Ensure that all managers set and check quality objectives within their remit, apply all the relevant management system guidelines continuously and in an exemplary manner, continue to enhance them, and ensure that all employees are aware of them.
- Ensure that all employees act according to the stipulations of the management system in line with the intent.



5.2 Strategy and policy

5.2.1 Strategy 2020

In our Corporate Guiding Principles we have set ourselves clear tasks. Our goal is to be one of the three most important global suppliers of electrical connectivity and electronics by 2020. We can achieve this by continuing to develop as a company and by consistently pursuing our corporate strategy.

Our goal – vision, by 2020 Weidmüller will be:

- One of the world's top three suppliers of electrical connectivity and electronics
- An innovative, customer-oriented, family-owned company
- Growing sustainably and profitably with high-tech products, services and solutions
- Putting outstanding processes into practice throughout all areas
- World widely attractive for the best employees

Our path – mission, this is how we will achieve our goal:

- The customer is the measure of our actions.
- We always convincingly create value and competitive advantage for our customers through our engagement, ambition.
- We supply customers in our defined markets with high-tech products, services and solutions.
- Organic growth, strategic partnerships, cooperation and acquisition help us to become and remain a leading company in our market segments.
- Our success is based on performance, competence and reliability.

5.2.2 Policy

5.2.2.1 Quality policy

Quality is deeply rooted in our corporate values. The balance and interplay of our four corporate values – innovation, customers, employees and quality help to ensure the result - a bright future for Weidmüller.

Weidmüller is committed to excellent quality in everything we do. As a result, our strategies and procedures are consistently aligned to the customers and their requirements. This applies to everything from a customer's first impressions of the Weidmüller brand to the long-term reliability of products and services.

Foundations of the Quality Policy

We consider the following to be the foundations of our quality policy:

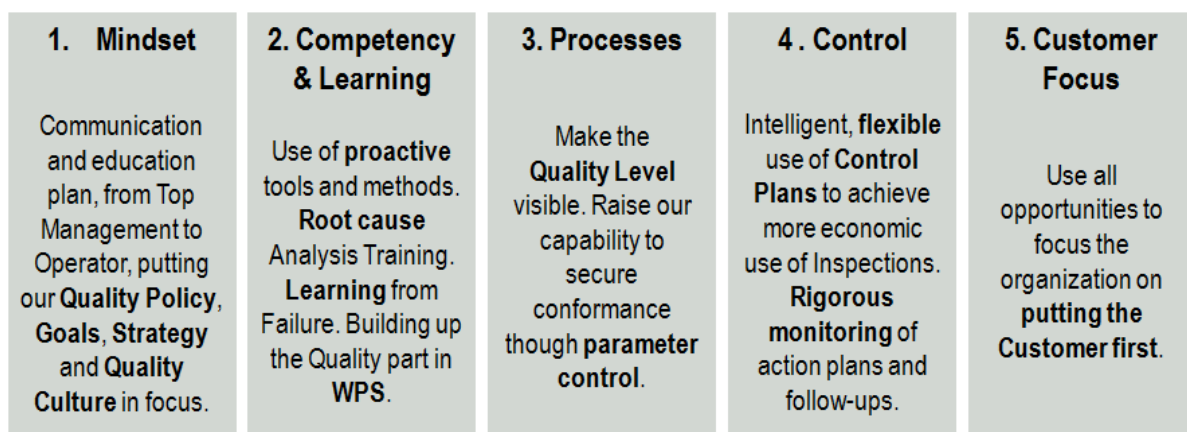
- Proactive quality assurance and quality control
- Plan – Do – Check – Act (PDCA)
- Identification and elimination of risks
- The team
- Our tools
- Knowledge
- Awareness
- Competence
- Developmental capability
- The Weidmüller Production System (WPS) and continuous improvement Awareness

To realize our vision we strive to continuously develop our quality culture.

We make sure that our quality state is visible and that our improvements can be measured.



To achieve our goals we have identified the following levers for functions, which we use to define our strategic quality action plans:



Quality vision

Process, product and service quality is a key enabler in Weidmüller's growth. It is the basis for trustworthy relationships with our customers and protects our market. It is a policy that we live.

Quality mission

The Quality department guides the organization towards achieving our quality vision and to a market leading position in terms of quality costs. We set quality standards, assure they are achieved and lead to their fulfillment. We enable everyone concerned to identify and generate quality in the value chain. We use the proactive approach to realizing improvement potential by systematically identifying risks and eliminating threats.

The pillars of the quality policy / quality ensures the best connection - from the customer, to the customer!

Quality for customers: The Customer's experience and satisfaction are the true measures of our success. We have a detailed understanding of customer needs. Our goal is zero-defect quality. If we make a mistake, we address it and show evidence that we've learned from it. Customer perception is reflected in various, virtually independent "quality experience fields". Together they form the overall picture from which the quality of the Weidmüller brand is determined.

Delivery quality: In the overall assessment by the market and by customers, Weidmüller strives to be perceived as the leading quality brand. We deliver market-oriented products and services to satisfy requirements and to create added value for customers. We deliver reliably and on time. We are fast, flexible and proactive. To achieve this we use effective, efficient processes implemented by competent, quality-aware employees.

- **Price-performance quality** is determined by satisfying all customer expectations while maintaining a balanced price-performance ratio. Equally, the customer perceives Weidmüller's capability in relation to "Total Cost of Ownership" as providing customers with valuable added value.
- **Service quality** is assessed on the basis of the expected and defined service performance, i.e. shortest servicing times, service availability (pre-sales, sales and after-sales) and the scope of services provided.
- **Delivery quality** is assessed by on-time delivery performance to customer wish and the agreed delivery date, delivery of the correct goods, in the correct quantities and packed right (damage, labelling, etc.).

Innovation quality: The way to demonstrate development (i.e. innovation) quality is to produce products that customers evidently find to be robust, operationally reliable and validated. This includes the capability to rapidly develop both technology and product for the market, for fields of application or for individual customers. Our products meet these requirements and continue to provide the expected functionality throughout their whole lifecycle.

- **Product quality** evaluates the delivered quality of the product in terms of its integrity and initial operability.
- **Long-term quality** is the customer's impression of product reliability and longevity as seen in the customer's application. Equally, it includes an assessment of ease or freedom of maintenance.

Supplier quality: We assure the reliable receipt of consistently delivered high-quality products and services.

5.2.2.2 Occupational health and safety policy

Our certified OHSAS 18001 Safety Management System is integral part of the holistic Weidmüller Integrated Management System in the appropriately certified legal entities. In entities where we do not have an accredited OHSAS management system we implement the policy and associated processes.

Health and the ability to perform are matters that are becoming increasingly important to all. Health and safety in the workplace as well as the prevention of sickness are therefore essential for us as a business. Weidmüller fulfils its commitment to occupational safety and health protection and we require the same of our employees throughout the world.

Working safely, protecting health and preventing sickness are:

- A humanitarian issue, as it is the duty of every responsible company and every manager to take care of the health and wellbeing of their employees.
- A commercial necessity, because every workplace accident and each ill employee is a loss to the company and results in additional costs.
- A legal obligation, as occupational health and safety regulations stipulate that safe practices are mandatory worldwide.
- A necessity, because demographic change means that our working lives are becoming longer.
- A worldwide obligation for every employee to contribute by working safely and living in a healthy manner.

In specific terms this means that both now and in the future:

- **Weidmüller, at every site worldwide, actively assumes responsibility**
Awareness of the need to socially and responsibly act is a cornerstone of our corporate culture. Weidmüller therefore ensures worldwide that working conditions for all activities are designed to be as safe and healthy as possible, and that stress, particularly mental stress, is recognized early in order to reduce the effects accordingly.
- **Compliance with legal regulations**
Weidmüller complies with occupational health and safety on the basis of current national legislative provisions and requirements, and has designated qualified employees to take responsibility for this task worldwide.
- **Continuous improvement process**
By formulating goals and measures and monitoring their implementation, we improve occupational health and safety worldwide. Weidmüller provides the necessary resources to maintain continuous improvement.
- **Informing and training employees**
Weidmüller holds regular training courses on different topics to maintain employees' competence at a high level. Weidmüller employees can access our actual environmental, occupational health and safety management documents at any time via the company intranet.
- **Keeping the public authorities informed**
We communicate our occupational health and safety policy to public authorities, customers and suppliers via the Internet and other media. We agree with the relevant authorities preventive and protective measures against potential occupational health and safety risks.
- **Regular audits**
We continuously monitor and assess health and safety criteria by carrying out regular internal and external audits and checks, and use the results of these assessments to define new health and safety goals.

The resulting conclusions were used to define the five basic rules of Weidmüller occupational health and safety:

- Occupational health and safety concerns everyone
- If there is any doubt, occupational health and safety must always take precedence
- Accidents and impairments to health can be avoided by acting in a health and safety conscious manner
- Working in a professional way includes working healthily and safely
- Regular safety trainings, briefings and measures for staying healthy are essential

5.2.2.3 Environmental and energy policy

Our DIN EN ISO 14001 and DIN EN ISO 50001 certified environmental and energy management is an inherent part of Weidmüller's Integrated Management System in certified legal entities.

The environmental and energy standards that we aspire to are directly derived from the aims of the corporate strategy for 2020, in which Weidmüller is permanently positioning itself as a leading industrial provider of electrical connectivity, transmission, conditioning and processing for energy, signals and data.

Weidmüller has defined important core focal themes and they interact to flow our ecological aspirations throughout the company so that we can achieve our goals.

- **Weidmüller acts responsibly**
Acting responsibly in terms of society, the environment and energy is a pillar of our corporate culture. Consequently, we are committed to preserving resources, identifying environmental impacts at an early stage, preventing accidents and their implications, using energy resources as efficiently as possible and continuously reducing the consumption of energy in all our activities.
- **Acting in accordance with the law has top priority**
Weidmüller complies with all the provisions and requirements of environmental and energy legislation. We operate in line with legal provisions wherever they have been put in place. Thus we always act in accordance with current legislation, standards and provisions and thereby achieve the highest possible degree of legal security.
- **Thinking sustainably from development to disposal**
Environmental and energy considerations start with the product idea. As a result, we research and evaluate the impact of planned activities on the environment and on energy consumption at an early stage, i.e. starting with product development. This applies both to modified customer requirements as well as the introduction of new company processes and procedures. In doing so we take account of the whole product lifecycle, right through to disposal or recycling.
- **Continuous improvement is part of the programme**
By formulating goals and measures we are committed to improving our environmental protection performance and using energy efficiently on an ongoing basis. Weidmüller provides the resources required to maintain continuous improvement.

- **Employee integration and training**

Our environmental and energy management specialists provide training for Weidmüller employees on a regular basis, with the aim of improving their awareness and skills. All employees can access our environmental and energy management documentation at any time via the Weidmüller intranet.

- **Environmental protection and optimised energy use in production**

When planning new procedures or process enhancements we place great value on the use of cutting-edge technologies and take every opportunity to prevent noise and emissions pollution. Using energy efficiently is a matter of course for us and something we aim to constantly and actively improve. We try to avoid, minimise or recycle waste.

- **Keeping third parties informed**

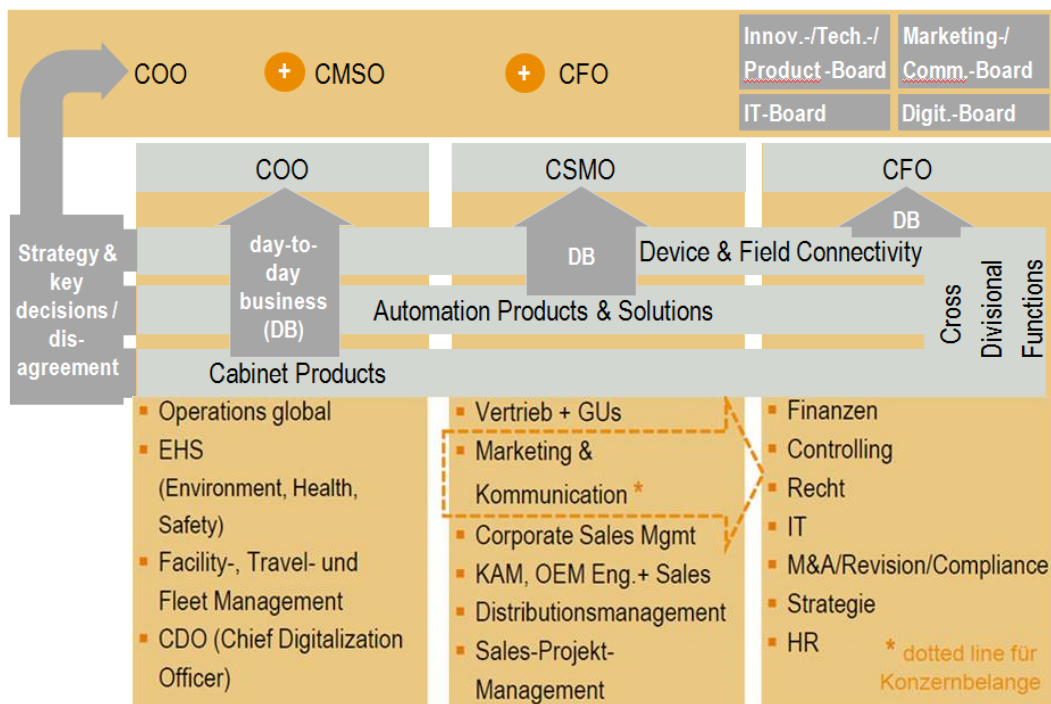
We publish our environmental and energy policy on our website, where it can be viewed at any time by interested parties (customers, authorities, suppliers, etc.).

We agree preventive action and countermeasures concerning threats to the environment with the relevant authorities.

- **Efficiency checks**

We monitor and assess our environmental protection and energy efficiency criteria through regular internal and external audits, and use the evaluations to define new environmental and energy goals.

5.3 Organizational function and responsibilities



Weidmüller has documented the nomination of specific employees to assure and develop the management system, to audit and maintain compliance to standards.

- Quality Management Representative (QMR) according to ISO 9001, ISO/TS22163 (IRIS)
- Ex Responsible Person ISO/IEC 80079-34 / ATEX
- Environmental Management Representative (EMR) according to ISO 14001, ISO 50001
- Occupational Health and Safety Management Representative (OHSMR) and Occupational Health and Safety Specialist (OHSS) according to OHSAS 18001
- Laboratory Management Representative (LMR) according to ISO/IEC 17025

We have other internal nominations, particularly in the form of delegations (delegation of duties), e.g. for radiation protection, for implementing the requirements of REACH (Registration, Evaluation, Authorization (and Restriction) of Chemicals) or for implementing the requirements of the RoHS Directive (Restriction of the Use of Hazardous Substances) or the requirements of the KTA 1401 for the manufacture and assembly of products for the Nuclear technology.

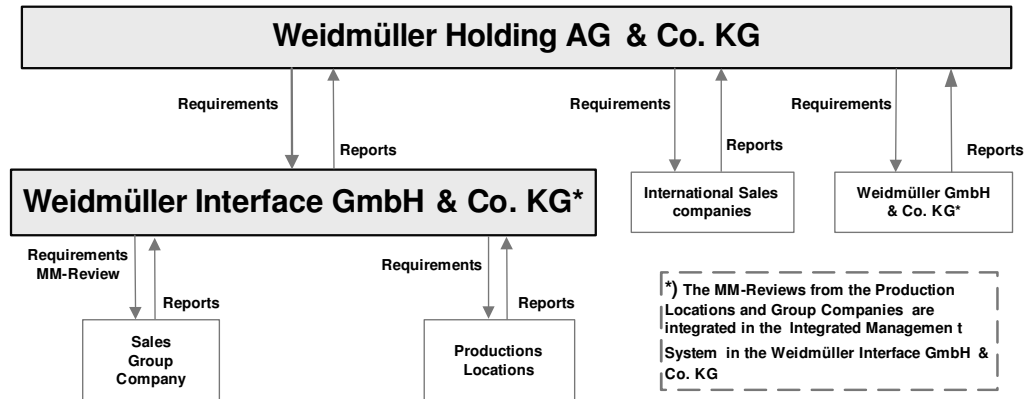
6. Planning

6.1 Identifying risks and opportunities

Through the process-oriented Integrated Management System, Weidmüller ensures that risks are discovered, evaluated, initiated and proactively minimized or avoided.

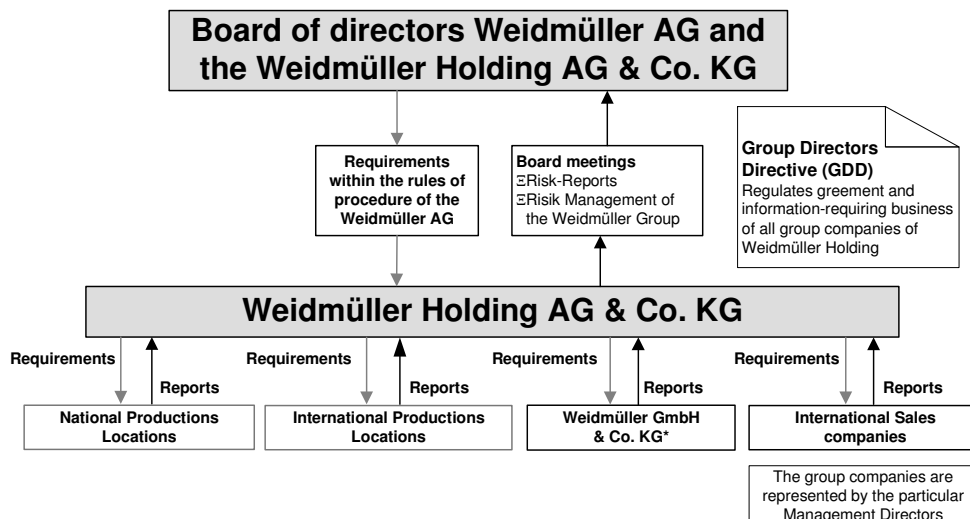
6.1.1 Weidmüller Holding

The present model describes the management tools for the assessment of qualification, adequacy and effectiveness of the integrated management system between the sales companies, production sites and the Holding of the Weidmüller group.



In addition to the management assessment Weidmüller performs actively the **Risk Management** for the Weidmüller group at regular intervals which includes the following points:

- the necessary and available monitoring institutions and processes such as Supervisory Board, Executive Board, mandates of the Executive Board and Managing Directors of the group companies, internal monitoring system, duty to obtain consent and duty to supply information, external auditing, internal revision,
- A risk controlling integrated in the controlling system, a. o. templates for the supervisory board, planning cycles, business reviews and monthly reports of all group companies, annual corporate risk management report, reports of the internal revision and supporting
- Measures, a. o. group-wide insurance management, contingency and business continuity planning, risk analysis for internal and external deviations with an identifiable high risk factor, project management, defined processes for the internal and external communication.



As part of our global Compliance structure with designated local contacts, we work to satisfy legal provisions for foreign trade and export control legislation and to apply global antiterrorism guidelines.

6.1.2 Weidmüller interface / production sites

As a central element of the Weidmüller group, all relevant business units are subject to an active and comprehensive risk management system. Among other things, this is integrated into strategic topics such as:

- Strategy planning (time horizon: long, medium and short (annual targets) with result monitoring)
- Derived company scorecard from strategy planning (annually)
- Goal planning with the Hoshin Kanri method up to department level from the scorecard (including QM, EHS aspects)
- Tracking and monitoring the top projects from Weidmüller (monthly)
- Establish of a central function "compliance officer"
- Emergency plans / communication plans for crises / emergency situations
- Management plan for unplanned events (decline in sales as a result of global economic events)

At process levels, the risk aspects are included in the individual processes and documents of the integrated management system, such as, for example:

- In product development (through FMEA and risk analysis in the individual project phases, clear rules for submission and documentation for documentation and archiving of development and freediving activities)
- Within the framework of Make or Buy decisions, procurement via external partners
- In the case of supplier selection (onboarding procedure)
- For relocations
- For internal errors (through a systematic problem solving process (PLP). The same applies to customer complaints)
- Campaigns and recalls (including the management notification process as well as regulations for global delivery barriers)
- Establishment of pro / re-active process activities in different control cycles (round tables in production areas, as part of scheduling activities, ...)

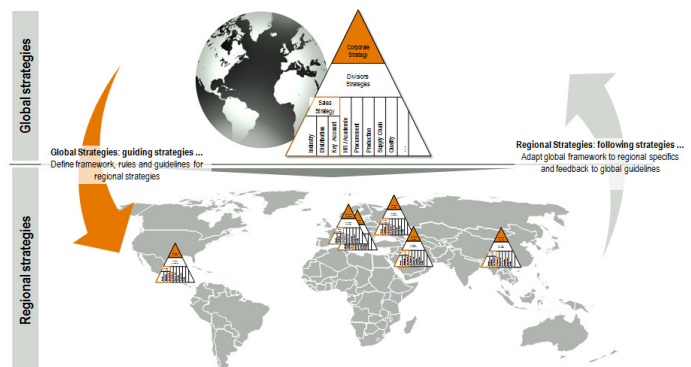
6.2 Goals

The annual "Strategy to Plan" process is managed by Controlling using tools such as an X-matrix. This is based on the Hoshin Kanri method for top-down goal-setting, i.e. from the corporate strategy to the divisional, regional and functional strategies.

6.3 Change management

Weidmüller faces changes in its business environment and in the context of the organization. Change management is embedded in our management system in order to:

- Optimize customer focus systematically and strengthen our alignment as a solution provider with a focus benefits to the customer
- Management of interfaces and organizational change
- Involve our employees in the day-to-day improvement of internal and external processes
- Make an active contribution to reducing commercial and business risk and increasing our competitiveness
- Satisfy the changing requirements of legislation, standards and customer-specific standards



To do this we use targeted methods such as engineering change requests (ECRs), the PDCA cycle, process change notifications, production part approvals, periodic reviews and lessons learned.

7. Support

7.1 Resources

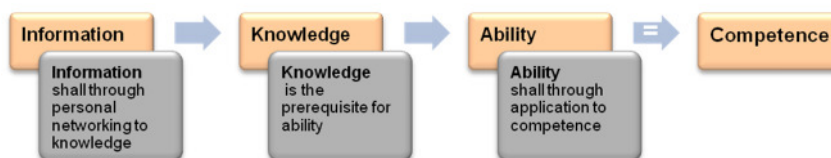
Weidmüller firmly believes that our employees around the globe are one of the most critical factors for our success. We therefore do everything that we can as an employer to find the best employees for our company and to enduringly bind them to us. After all, it is our employees who inspire our customers as partners. In this regard, we rely, on a personal level, on both the relationships we have established with our customers and those with our colleagues.

If you deliver the best performance, you need time to rest and recuperate. That's why it is important to us that our employees have a good work-life balance. Defined healthcare management, employee networks, counseling services and flexible working arrangements help our employees remain innovative and efficient in the long run. Appropriate remuneration and modern financial incentive schemes are, for us, a matter of course. As a family-owned company, we see ourselves as having a high degree of social responsibility that we must live up to. Weidmüller works in a sustainable manner, so that we can pass the company and the environment successfully on to the next generation in a healthy condition. This means that we have to look beyond individual measures and consider the bigger picture. Our commitment to a sustainable future is built on three pillars: Economy, Environment and Society. Whether you're a trainee, student, graduate or an experienced specialist or manager – we rely on our dedicated, ambitious and convincing employees.

7.2 Competence

Permanent and sustainable development opportunities are a given for us, so are open communication, team work and appreciation. Targeted career management is implemented by our apprentice and vocational facility, the Weidmüller Academy, which has bases both in Detmold and Shanghai. As international competition for capable, qualified employees and talent intensifies, it is critical that we continue to advance our HR tools and processes and harmonize them in all countries.

Competence, talent and succession management are particularly important areas that are systematically assured. In accordance with our strategy and Weidmüller's Corporate Guiding Principles, we also use annual employee appraisals.



7.3 Awareness



Our Leadership Principles are the framework for successful teamwork at Weidmüller.

Based on broad-based interdepartmental communication and cooperation we nurture a leadership style that encourages our employees to be committed, able and willing to perform and to identify with the company too. Our leadership style is based on mutual trust and partnering between managers and employees.



Weidmüller has distinguished itself as a preferred partner for customers by offering them the best in customer benefits. And at the same time, we improve our own working environment through principles for employees, by heeding the way in which we deal with our colleagues and thereby creating a culture of cooperation. In affirmation and to give detail to how we intend to achieve this, we have drawn up some principles for employees based on the long history of our corporate values.

7.4 Communication

Weidmüller communicates with all interest groups: customers, suppliers, employees, legislators and the world around us.

Corporate Communications positions company-related topics in the right media in the right way, by assisting with

- Development and attractiveness of the Brand
- Communication of information about the company
- Binding partners and customers
- Building our reputation
- Staff motivation
- Engagement of employees and managers

Corporate Communication conveys

- A consistent corporate image
- Trust in the management team and the employees
- An understanding of the current situation – even in crises
- Regional and local prestige
- Attractiveness for potential employees

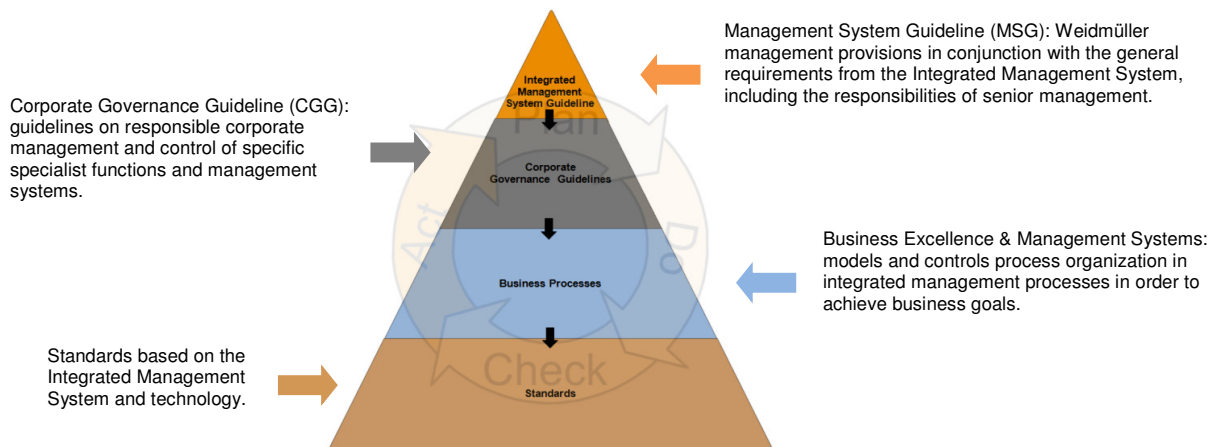
Global Market Communication is responsible for supporting the divisions and Sales in terms of our corporate, sales and brand strategies. In this regard we use the marketing communications mix tool for:

- Sales promotion
- Classical advertising
- Public relations
- Direct marketing
- Multimedia communication

and bring out key points with dialogue-oriented activities such as trade fair communication and direct marketing.

7.5 Documented information

Weidmüller represents its Guiding Principles and the IMS as a pyramid model with four levels. In this way, we take into account the requirements of standards, approvals, internal and external customer requirements and the rules of procedure laid down for managing directors. The model, which is designed to be applied globally, incorporates the Integrated Management System Guideline, Corporate Governance Guidelines, Business Processes and Internal Standards.



This Integrated Management System Guideline acts as an umbrella document and details the management principles and high-level implementation of the requirements from the defined management systems.

Weidmüller provides all employees with access to all necessary company documents and company process information, including the sequences of tasks and interface information. This is how we support the achievement of our corporate goals by using the process-oriented integrated approach to management systems, in accordance to the Corporate Guiding Principles,.

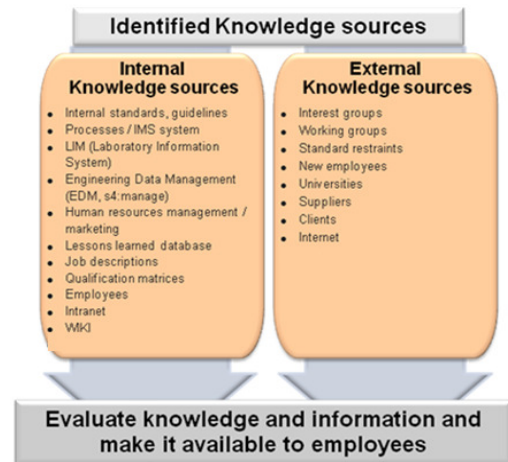
7.6 Knowledge Management

Weidmüller essentially distinguishes between two states of knowledge, the explicit and the implicit knowledge in knowledge management.

Explicit knowledge is documented knowledge available to others, e.g. in form of work instructions, documented procedures, reports, drawings, guidelines, Weidmüller standards, etc.

Implicit knowledge exists as skill and experience in the minds of employees and is not available to others. It is difficult to grasp, storable and distributable. Implicit knowledge is the greater part of the company's knowledge (compared to the iceberg principle).

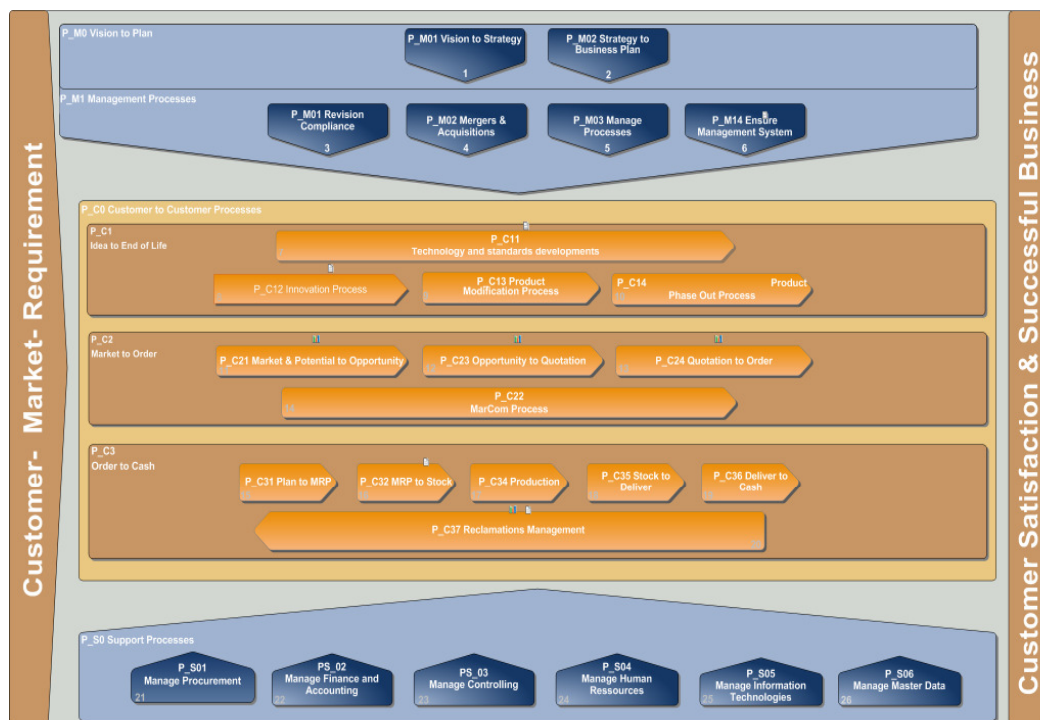
The aim of knowledge management at Weidmüller is therefore to ascertain the necessary internal and external knowledge for a successful company management, to maintain this knowledge up-to-date and to make it available to employees as available knowledge.



8. Operation

Weidmüller uses the Top Level Process Map to define the organization's business processes so that we are efficiently organized, able to control processes in a goal-oriented way and continuously improve them, align ourselves to customers and, as a consequence, better achieve our corporate goals.

In doing so we pursue a global approach to align standard, harmonized processes across the globe. There is a corresponding defined role model which includes process owners, managers and participants. Where necessary and where defined, local (sub-)processes are taken into account.



8.1 Planning and control

Planning and controls at Weidmüller is done by the relevant functions of the organization, as described below:

8.1.1 Sales

Distribution Management defines and develops the strategy and establishes the active partner interfaces for international/global distribution partners and contracts. It also manages and selects the specific range of services offered in Distribution to meet sales and earnings targets for the Distribution business.

Corporate Sales Management controls the development of market potential by country and product and ensures that economic trends and competitive analyses are transparent. We also have a centralized sales management approach to ensure that the sales strategy is implemented in a consistent, synchronized manner and that we are focusing on realizing customer potential.

Product Marketing Management (Voice of Sales) ensures that we have system-supported tools and databases to provide market and sales information at a corporate level as well as designing, standardizing and implementing CRM systems support in the Weidmüller Group. It also controls Group price management with the aim of putting consistent market and customer pricing in place.

Global Key Account Management, OEM Engineering & Sales defines the Global Key Account Strategy and coordinates the international Weidmüller Key Account network. It also monitors global business, sets the global pricing strategy and leads negotiations on major international and local projects.

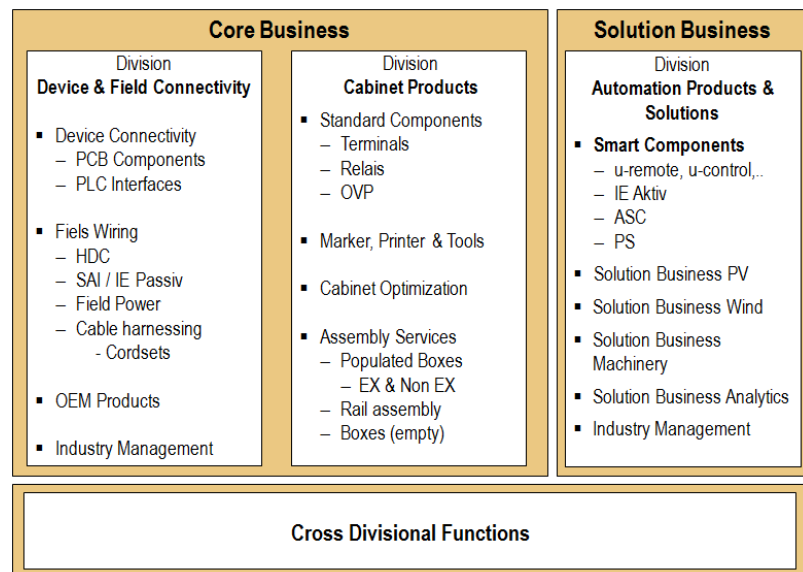
Global Market Communication conceptualizes designs and implements international activities and campaigns, e.g. sales launches, sales promotions and trade fairs and handles the strict international implementation of our brand positioning and corporate design. It is responsible for digital media, planning and implementation, the monitoring and developing of operational processes and workflows, the administration of databases and archives and the planning of the production of media.

8.1.2 Technology

Industry divisions and cross-functional services are described in section 4.2.1.

Aligning the company via a **corporate strategy** (vision to strategy and strategy to plan) is also firmly embedded in the CEO's responsibilities. The further global functions in this resort, **Human Resources** and **Corporate Communication**, are presented in section 7.

We also have **Compliance**, which is responsible for compliance with codes of conduct, legislation and directives. For more information on this, see section 6.1.



Standards and Technology Development

is cross-divisional and is responsible for developing, implementing and rolling out technical standards and technologies worldwide.

It develops technical standards for basic product functions with generally agreed requirements which can be replicated as common parts and functional elements into different Weidmüller product groups and ranges. It formulates new technologies in automation technology and electronics and uses the results as the basis for developing innovative electronic products for our defined markets. It supports production implementation and optimizes existing production processes by identifying new manufacturing techniques and materials, testing technical and economic feasibility for Weidmüller, and preparing their introduction.

It also assumes responsibility for transversal standards and technology development work such as simulation (mechanical, thermal and electromagnetic simulation as part of innovation, product creation and technology development projects) and Corporate Product Design (the development and enhancement of the Corporate Product Design Guideline for harmonizing product families).

8.1.3 Operations

Production & Plants manufactures products according to cost, quality and delivery agreements. It also improves and standardizes existing production processes to meet our cost of sales ratio. In addition it works with Production, Technology Development and Industrial Engineering to develop new production processes.

Supply Chain Management processes all goods and information flows and ensures processes for warehouses and transport for both in-house operations and logistics service providers. It manages the global availability of product and inventory of our plants, suppliers and warehouses. It also creates and optimizes forecasts, leads the sales operation planning process and defines, optimizes and standardizes group-wide the supply chain processes.

Purchasing develops and provides the procurement strategy for the product groups: Raw Materials, Electronics, Electromechanics and Indirect Materials and Services. It is also globally responsible for supplier management and development.

Quality Management safeguards and improves the Integrated Management System and audit management. Customer Quality Management also acts both as a proactive and, for customer complaints and deviations, reactive customer interface. Product Quality Management safeguards innovation through to the end of the product lifecycle. Further, Manufacturing Quality Management is responsible for end-to-end quality assurance and control over the entire operative value chain.

The function **Strategic EHS** is responsible for compliance with country-specific legislation and for setting up worldwide EHS standards (accident management, fire protection, emergency management, the environment, energy and associated employee training).

Continuous Improvement brings together all strategic and operational improvement and standardization aspects such as for Cost of Sales, Weidmüller Production System (WPS), technical processes, production planning and "Application of Industry 4.0 in Weidmüller's production."

The **Business Excellence & Management Systems** function supports throughout the company our goal of process excellence by providing consistent methodology, defined process input procedures and continuous process optimization.

The aim of **Master Data Management** is to put in place in the whole Weidmüller Group a clearly defined and established master data management (MDM) with efficient, standardized administration of all master data.

8.1.4 Finance & Administration

In the Finance/Administration Resort essential support and management processes are owned.

The function **Finance and Accounting** represents Weidmüller's financial situation for internal and external purposes. It presents the company's position in terms of assets, finances and profits based on the relevant legal financial reporting standards. The Treasury, which processes internal and external payments, is also part of this function.

The **Controlling** function establishes and supports, by acting as a business partner, the management processes for goal-setting, planning and steering. It ensures that our strategy, results, financing and processes are transparent, coordinates sub-goals and elements of plans holistically and organizes company-wide, forward-looking reporting.

Buildings, Energy and Environmental Management brings together all activities that relate to managing Weidmüller buildings, purchasing our energy supplies, coordinating travel and fleet management and the worldwide handling of insurance.

IT provides the company with a standardized, efficient IT environment and develops it strategically. The function designs and maintains IT systems based on consistent, centralized specifications, and works with process managers to accelerate process standardization and IT systems development.

The **Legal / Commercial Rights** department works on all legal issues from supplier contracts to Group company law and from the protection of technologies and brand positioning to commercial trademark rights (e.g. patents, utility models, designs, creator/software rights and brands).

M&A / Internal Review / Risk Management incorporate a number of functions under common management. Internal Review / Risk Management has an independent internal mandate to support management in controlling, directing and steering the business. M&A managers are responsible for the process of buying or investing in other companies.

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8.2 Market needs and customer interfaces

Our customers span many industries and markets. In this regard, customer focus is at the centre of our actions. We have aligned the divisional structure accordingly and Sales, Industry Management and Key Account Management are responsible for identifying customer and market requirements. The best way to connect with customers is to have close proximity to them.

8.3 Developing products and services

As an innovative and customer-focused family-owned business, we rank as one of the world's top three suppliers of electrical connectivity and electronics – in short, Industrial Connectivity. We achieve this goal by offering our customers a range of innovative, efficient high-tech products, services and solutions. We create value and competitive advantage for our customers through our commitment, ambition and conviction.

Innovation is one key to achieving our vision. Innovation has always been and will always be highly valued at Weidmüller. Consequently, innovation is one of our four basic values: continual innovation in products and processes ensures our long-term competitiveness. It both calls for creativity from all areas of our company and supports it.

Where necessary, we set up services within divisions, Sales and Group companies in order to meet customer needs.

8.4 Managing the outsourced delivery of products and services

Weidmüller defines partnership as a relationship with an external entity that sustainably supports the implementation of our strategy and operational business. We aspire to top-class performance from our partners too. We actively support this with transparent procedures, process optimization support and by communicating our strategy and our values. We define our partnerships as follows:

- Traditional suppliers to procurement with a relatively high degree of independence
- External sub-contracted cooperation partners who handle assembly or finishing on our behalf
- Technology partnerships with relevant companies, which are subject to a level of secrecy, for the joint development of production processes and technologies
- Partnerships with training facilities
- Partnerships in the Weidmüller network.

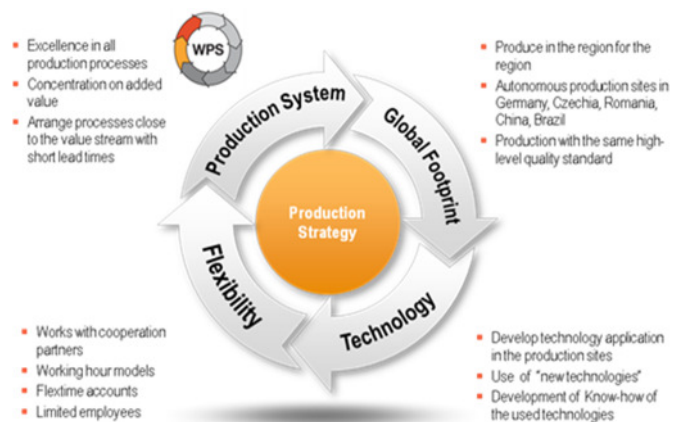
8.5 Production and service provision

The components of our production strategy contribute to the achievement of our goals.

8.6 Releasing products and services

Using customer specifications we identify customer requirements and technical, standards-related and legal requirements. We monitor how well we are meeting these requirements by using Advanced Product Quality Planning (APQP/PPAP) and reviews.

Where necessary we use the skills and technologies of our accredited laboratory to ensure that we comply with requirements.



8.7 Managing non-compliant process results, products and services

Product Quality Management and quality planners in series production define the necessary quality assurance and operator self-control checks to monitor product and process compliance. All our employees are authorized to stop non-compliant products and processes. Using a standardized Problem Solving Process (PSP) we establish the reasons for deviations, assess our risks, define measures and prove their effectiveness. Internally, we monitor the cost of non-compliance. If we receive a customer complaint, the Customer Quality Management function receives it and coordinates the 8D process. The resulting data is analyzed and used to prioritize corrective and preventive measures.

8.8 Project management

When managing innovation projects, we aim to deliver an agreed performance (quality, time and price) to both internal and external customer's that ensures customer satisfaction and brings to Weidmüller a positive economic outcome. Every project has a goal and a framework of technical, organizational, time-based and financial conditions. That is the reason why we have developed and introduced specific processes for developing both standard and customer-specific products so that we can manage each project phase in a goal-oriented manner. The basis for each project is the innovation process, which is assured by project controlling with integrated Gates and by project based quality management in the individual phases. Phases are supported by the use of standards, quality assurance procedures, and software tools for systematic project planning and control.

In addition, we have a Project Management Office (PMO) that coordinates all key projects for general management.

9. Performance evaluation

9.1 Monitoring, measurement, analysis and appraisal

We monitor, measure, analyze and evaluate data relating to our customers, quality, suppliers, employees, performance and business results. We regularly check actual sales against our revenue, portfolio development and productivity targets, budget and other indicators. We make use of a Balanced Score Card (BSC), Business and Operational (OPS) reviews. Weidmüller uses a dashboard to monitor KPIs from any Board department.

9.2 Audit

Weidmüller applies the principles of continuous improvement by carrying out regular reviews and audits across all document levels of the defined management systems and by implementing control loops and lessons learned. We use an IT system to plan, carry out, document and follow up on audits. Depending on the type of audit concerned the functional responsibilities are managed as part of the process based, and our auditors are accordingly qualified. Compliance / internal review audits are also an integral part of our continuous efforts to mitigate risks.

9.3 The Management Review

Once a year our managers, system representatives and defined specialist areas carry out the Management Review, an integrated management assessment of all our management systems. Important points in preparing the review include: the status of follow-up measures from previous reviews; external and internal changes; audit results; process performance; product compliance; evaluations by Supplier Management; analysis of internal errors; delivery reliability; response times to customer feedback; environmental; energy-related aspects and occupational health and safety issues.

Where relevant, other considerations from the monthly Business Review Meeting with senior management may also feed into the Management Review.

10. Improvement

10.1 Non-compliance and corrective measures

Non-compliance is managed via the Problem-Solving Process (PSP) which is standardised within the Weidmüller Production System. Consequently, we have a standardized method for problem solving and we employ problem-solving tools. Weidmüller has three categories of non-compliance: customer complaints, intercompany (from one Weidmüller business to another) and local internal deviations. In addition to the reactive problem-solving process we use methods such as FMEA and risk management to proactively safeguard the quality of our products and processes.

10.2 Continuous and ongoing improvement

10.2.1 Ideas Management

Weidmüller Ideas Management is a supplementary building block to encourage innovative capability. It improves our competitiveness on an ongoing basis and promotes creativity and engagement among all employees in Weidmüller's German companies.

Our employees act in accordance with our Corporate Guiding Principles and strategy. Any employee or group of employees can submit proposed improvements. Proposals are evaluated based on defined criteria: savings potential; customer benefits; safety issues; quality improvements; how feasible it would be to apply the suggestion to similar processes; procedures, etc. and their sustainability.

10.2.2 The Weidmüller Production System (WPS)

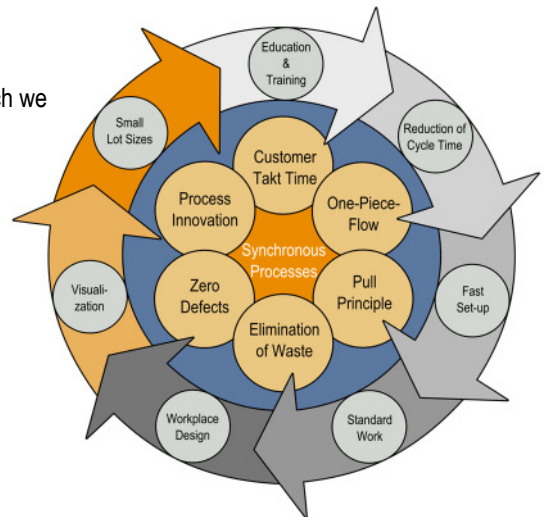
The Weidmüller Production System (WPS) includes components from a variety of successful management models (KAIZEN¹, TPM² and Just-in-Time³), which we have combined in a customized company continuous improvement model.

Weidmüller can only generally approach business excellence if, particularly in manufacturing areas, we fulfill the requirements for excellent production.

This understanding means that Weidmüller benchmarks itself in terms of costs, quality, delivery time and production technology against world-class companies.

There are two key concepts at the heart of this which are followed in the WPS:

- Consistently aligning our production processes with added value
- Consistently shortening our throughput times



Both concepts require us to continuously identify and eliminate waste and minimize fluctuations in our processes (process synchronization). Being aware of waste drives the continuous improvement process forward and identifies elements of the process that increase costs without adding to the value of the product. Eliminating waste and reducing the costs associated with it is therefore key to a profitable company and profitable growth. Concentration on added value is the heart of the function's service delivery.

Using appropriate measures, the WPS should always

- Improve the quality of products and services
- Minimize unit costs
- Lower inventory levels
- Shorten throughput times
- Improve planning quality
- Improve productivity

I M P O R T A N T

Quality	Costs per piece	Stocks	Cycle time	Planning quality	Productivity
					
					

¹ From Japanese KAI – change, ZEN – good or for the better; but more in the sense of small improvements.

² Total Productive Maintenance (TPM) is a program or method aimed at maximizing the effectiveness of systems and machinery.

³ Products and services are only provided if customers request them, at the exact time the customer needs them, in the precise quantity and quality requested by the customer.