

Würth Industrie Service GmbH & Co. KG · Postfach 1873 · 97968 Bad Mergentheim

All Business Partners

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Zeichen/Briefnummer

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Precautionary measures with regard to corona virus

Dear valued Business Partner,

I hope this letter reaches you and your families and your employees in good health! The current weeks are a challenging time for all of us, both in private and business terms, a time not seen before in recent history. Every day we have to re-evaluate the extremely dynamic constellations and quickly make and implement the necessary decisions. In all this, the health of our employees, the contribution to maintaining the functionality of the health care system within the scope of our possibilities and the supply of our customers are the focus of our considerations.

However, the main concentration is on the joint fight against the further spread of the coronavirus. We are aware of this responsibility and all colleagues of Würth Industrie Service are working towards these goals. What we already did and continue doing for achieving this and how we assess the current situation regarding the business I would like to summarize in this letter.

Logistics:

As a core element of our business activity as a process service provider in C-Parts management, our logistics is a key focus. Therefore, the following measures have already been implemented since March 2nd:

- The logistical processes were strictly separated. This enables us to provide the smallest possible number of employees for the necessary precautions, such as domestic quarantine, should a confirmed case of infection occur. This means that affected processes can be taken over directly by colleagues of the opposite shift or by other logistics employees.

- The shifts were separated in time. Between the end of the early shift and the beginning of the late shift, a 1-hour offset was introduced. During this hour all contact surfaces are disinfected.
- A pool of employees has been defined as a substitute shift, who will step in in case of possible breakdowns.
- All areas are disinfected 4 times a day in addition to the shift change.
- Deliveries as well as outgoing goods are not in direct contact with logistics staff, but are handled neutrally at a cross docking point.
- Truck drivers who pick up and deliver goods fill out a self-disclosure form on risk factors.
- Access to our premises is only permitted to persons registered by name, who have also filled out a self-disclosure form. Access is limited at a maximum.
- Access to the logistics buildings is not permitted for non-logistics employees.
- Before entering the company premises, all persons are required to measure their body temperature. Access is not permitted at elevated temperatures.
- The supply chains are closely monitored, both for incoming and outgoing shipments. We are in continuous communication with the forwarding companies in order to be able to immediately switch to alternatives in case of possible transport bottlenecks.
- We have stored a large part of the items of our standard goods at different locations in order to be able to deliver these articles from another warehouse even if special situations in Bad Mergentheim occur.
- Incoming consignments from risk areas that have been in transit for less than 9 days are placed in a quarantine warehouse for 7 days and are only collected after this period has expired.

Full Service of the supply systems:

As a process service provider, we take over the complete C-Parts management for our customers, including the replenishment of the systems. Due to the high penetration of automated reordering systems such as RFID-Kanban or vending machines at our customers, the notification of demand is independent of manual steps and guaranteed in any case. However, due to the current risk situation or individual situations at customers, it is possible that our system administrators may no longer be able to perform this task as usual. This can lead to different scenarios:

- If a system administrator has been in risk areas, this person is not deployed for at least 14 days. The corresponding tour will be rescheduled to other system administrators.

- In the event that customer restrictions exist for the access of our system administrators to the locations, alternative scenarios are discussed and defined with the customers.
- If full-service support for the systems in our customers' production is no longer possible due to restrictions on the part of our customers or public institutions, we can immediately switch to basic support, so that the supply of C-parts is still guaranteed.
- Empty messages for non-automated Kanban systems, which are currently carried out by the system administrators, can be taken over by the customer himself at short notice using an app.

Security of supply with regard to our sources of supply:

- As of today, there is still no interruption in the supply chain by our suppliers on a larger scale.
- The announcement on Sunday, March 22nd regarding the closure of all Italian production plants in industry sectors of immediate supply relevance for Würth Industrie Service, will also affect us. Our purchasing department will immediately activate alternative sources, which have already been defined for this case, for all articles for which this is possible.
- Should bottlenecks of item availability become apparent, we will contact our customers to discuss a joint situation-specific solution.
- Our approach to disposition is fundamentally geared towards supply security. For this reason, we provide for a corresponding average stock level of several months for articles from Far East.
- The transport chains remain stable and we are in close and constant contact with our transport service providers.
- Border closures and the associated controls lead to delays in deliveries. These are in continuous monitoring by our team in the transport sector.
- All potentially affected suppliers are included in close monitoring. Each order and delivery is monitored in direct communication with the suppliers. At the present time, we have no information that would indicate an uncertain supply situation on a broad scale.
- Due to the WHO's determination on January 31, 2020 that the novel coronavirus (2019-nCoV) represents a health emergency with international implications ("Public Health Emergency of International Concern, PHEIC"), the current situation must be classified as a case of force majeure (Force Majeur). We are continuing to monitor the situation very closely and, as far as possible, are in close contact with our business partners in the affected regions in order to initiate further measures within the scope of our possibilities in the event that supply bottlenecks nevertheless become apparent.

General administration:

- All employees have been continuously informed about the situation regarding the coronavirus since January 27th, 2020. Likewise, information and encouragement has been and continues to be provided on preventive measures such as hand hygiene, coughing and sneezing labels and use of the existing disinfection stations.
- Since the end of February, extensive travel restrictions have been in force for all employees.
- Visits to the site and major events have not been carried out since the end of February and have been postponed or cancelled.
- Since March 2nd, a time schedule has been defined for the use of the company restaurant so that as few employees as possible are in the company restaurant at the same time. This is also separated according to functional areas.
- Since February 24th, all areas of the administration are disinfected at least twice a day.
- Since Monday, March 9th, over 90% of the administrative staff have been working in the home office.

As one of the largest employers in our region, an essential part of our corporate activities is to fulfil our social obligation to the general public. Therefore, we support social and medical institutions as well as public bodies with vital protective equipment such as masks, protective goggles, etc. Many thanks for your understanding if this means that individual orders from our customers may be served with delays!

As of today, we have no case of an infected employee within the central functions of Würth Industrie Service GmbH Co KG in Bad Mergentheim.

With this letter we hope to give an overview of some of the measures we have implemented. We have set up a separate area on our website where we provide the most up-to-date information on this exceptional situation:

https://www.wuerth-industrie.com/web/en/wuerthindustrie/ueberuns/massnahmen_corona.php

Dear valued Business Partners, on behalf of all colleagues at Würth Industrie Service, I would like to thank you for your loyalty, the largely very longstanding partnership and your trust in us! We will continue to keep in close and open contact with you. Should we be able to help you in any way during this extraordinary time, your contact persons will be available at any time.

How long this situation will continue and what the future holds for us I am not able to foretell. But I am sure that together we will emerge from this situation strengthened as partners.

I wish you, your families and your employees good health!

Yours sincerely,



Martin Jauss

Managing Director Marketing & Sales