



SUPPLIER GUIDELINE



Supplier Guideline

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KSG Group consisting of:

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1 PREAMBLE

Increasing customer requirements combined with global competition call for continuous improvement of all products and processes. Achieving a high level of customer satisfaction is a decisive success factor for the KSG-Group thereby. We can only live up to this claim if we also set high standards for our suppliers and service providers.

Fault prevention instead of fault detection – this claim, combined with continuous improvement of the process chain, from customer inquiry to series production, is a claim, that we want to and must fulfill with the support of our Suppliers.

This guideline describes the requirements we place on our Suppliers and service providers and reveals the methods for their fulfillment. It is binding for products, materials and assemblies as well as for services. The aim is to ensure smooth processes between our Suppliers and the KSG Group, guarantee high product quality and to minimize costs.

2 BASIC REQUIREMENTS

2.1 Code of Ethics

Relations between KSG-Group and its suppliers are based on the principle of respecting the interests of both parties on the basis of fair contractual agreements.

KSG-Group abides by applicable laws and observes the rules of free competition. KSG Group respects the principles of the Universal Declaration of Human Rights. Important ethical principles are the rejection of child labour and forced labour as well as discrimination against groups of people. KSG Group expects the compliance of these principles its Suppliers as well.

2.2 Management system

The Supplier has introduced a quality management system in its company.

Certification according to DIN EN ISO 9001 under consideration of the respective valid revision level is a minimum requirement.

Certification according to IATF 16949 as well as DIN EN ISO 14001 for environmental management system should also be pursued. This also includes a detailed consideration of the life cycle of its own products, especially with regard to their use by downstream users.

In addition, efficient handling of the energy resources used should be strived for and if applicable certified according to DIN EN ISO 50001.

The expiry of a certificate without planned recertification must be communicated to the KSG Group at least 3 months before expiry. Any revocation must be reported immediately.

2.3 Audits

KSG Group has the right to verify the effectiveness of a Supplier's management system and its processes by means of audits after prior notice. These audits can also be carried out with customers of the KSG Group.

Subcontractors may also be audited, if they have been assigned responsibility for the manufacture and distribution of the products required by KSG Group.

In order to carry out these audits, the Supplier shall grant access to areas requiring secrecy and inspection of the relevant documents.

2.4 Energy and environment

Within the framework of the environment and energy management system, we consider it our duty to bring about measures for the continuous improvement of environmental performance and energy efficiency. Compliance with legal and regulatory requirements forms the basis for this. We expect the same attitude from our Suppliers.

2.5 Responsibility

Each Supplier is responsible for the quality of its products and services. Supporting measures or audits by the KSG Group do not release the Supplier from its responsibility. In addition to the quality aspect, this product responsibility also includes environmental and waste law aspects. In particular, the legally regulated requirements (§ 23 of the KrWG) of the Land apply.

The quality and logistics characteristics required for this are listed product- or service-specific, e.g. in order documents, specifications, drawings, samples or similar.

Each Supplier is responsible for products and services of its subcontractors.

2.6 Occupational safety and health

The Supplier must comply with all legal provisions applicable to him concerning occupational health and safety. These include, among others:

- compliance with the Working Hours Act
- the provision of personal protective equipment
- the regular, documented performance of training courses and instructions
- the Appointment of an occupational safety specialist if necessary

2.7 Climate protection and Sustainability

Making the supply chain sustainable is absolutely essential. The Supplier, just like KSG Group, must be interested in climate protection and the sustainable use of resources.

This is evaluated as a clear statement of the management, which should be implemented in a declaration and an improvement programme.

Measures to reduce the carbon footprint or to sustainably reduce consumption of energy, media, materials and substances are to be presented upon request.

3 MEASURES FOR QUALITY ASSURANCE

3.1 Contract review

The order documents, specifications, etc. provided by KSG Group shall be carefully checked by the Supplier. Any ambiguities or errors shall be clarified together with contact persons of KSG Group. The result of the feasibility analysis shall be communicated to KSG Group if required. This test offers the Supplier the opportunity to contribute his experience and suggestions to the benefit of both parties.

If requirements cannot be met or parameters cannot be adhered to, a written release must be obtained immediately from the KSG Group.

3.2 Manufacturing documents

The Supplier shall maintain a production control plan for the whole process chain with all relevant information on production and testing facilities, process descriptions and materials, provided that the Supplier does not exclusively sell the products, materials, services and assemblies.

KSG Group shall be granted access (e.g. in a process audit) to the control plan upon request.

3.3 Subcontractors

All quality assurance provisions agreed between the KSG Group and the Supplier shall also apply to subcontractors.

The Supplier shall ensure their quality capability through suitable measures, such as initial sample releases, incoming goods inspections, supplier evaluations and Supplier audits. The results achieved in these processes shall be documented.

3.4 Process analyses

The Supplier shall conduct failure mode and effects analyses (FMEA) on processes or products where necessary. If the product development at the Supplier's premises is successful, it shall prepare design FMEA's or product FMEA's.

To optimise plants and processes, the Supplier shall use statistical methods, such as machine capability studies, process capability studies, measuring equipment capability studies, etc.. The results of these shall be regularly evaluated by the Supplier.

Detailed process specifications shall be laid down, for example, in work or test instructions, control charts, analysis protocols or other such documents. In particular, if warning or intervention limits are reached or exceeded, differentiated specifications for further procedures shall be established.

Quality data shall be recorded, evaluated and archived. The Supplier shall provide evidence upon request.

If C_{pk} values have been specified, these shall be adhered to or substitute measures agreed with the KSG Group, e.g. 100% checks, shall be applied.

3.5 Testing equipment

The Supplier shall provide suitable testing equipment for its production or service provision. This testing equipment shall be permanently monitored, i.e. it shall be recorded and regularly calibrated. The test status shall be indicated on the testing equipment and faulty testing equipment shall be discarded.

Testing equipment relevant to product quality shall be analysed for its measuring capability. The following requirements apply: $C_{gk} \geq 1.33$ and $\%GRR \leq 10\%$. If the measuring capability cannot be achieved, other safeguarding measures shall be taken.

3.6 Process Change Notification

Comprehensive changes in product execution (major changes) and product properties (including changed material composition), as well as changes affecting customer requirements, require written notification to and approval by the KSG Group.

In the event of minor changes to product execution, written information shall also be provided to the KSG Group.

To enable the KSG Group to assess the consequences of planned changes and to clearly assign them to the categories mentioned (major/minor changes), these changes shall be communicated to KSG Group at least 9 months in advance. The Supplier shall prepare a risk assessment for this purpose.

In particular, changes in production technologies, testing and measuring procedures, substances, materials, production equipment, manufacturing plants, production facilities, subcontractors and outsourcing of work processes shall be taken into consideration.

3.7 Requalification

At least once a year, the Supplier shall perform a complete dimensional and functional test (requalification) of the products manufactured by him for the KSG Group and delivered to KSG Group. In the event of deviations from the agreed specification or technical data sheet, the causes of defects shall be determined, corrective measures shall be initiated and the KSG Group shall be notified of these. Requalifications shall be documented, archived and made available to KSG Group on request.

4 DEFECTIVE PRODUCTS

4.1 Information obligation

If the Supplier detects defects in production with effects on the quality and delivery performance on his own premises or those of a subcontractor, the Supplier shall notify the KSG Group without undue delay. In addition, the Supplier shall initiate suitable corrective actions.

If defective products have already been delivered, the KSG Group shall be informed immediately in writing and proposals for defect containment and remedy, as well as a risk assessment, shall be presented.

4.2 Complaint

If the delivery of defective goods is detected, a complaint shall be made to the Supplier in the form of a complaint notification. Complaints about contraventions of environmental and legal regulations (e.g. load securing) can also be lodged by KSG Group.

KSG Group expects the Supplier to process the notice of defects in the form of an 8D-report within 10 working days.

The KSG Group is entitled to charge the Supplier a lump sum for its administrative expenses. In the event of repeated errors, an escalation management system will come into force.

5 GOODS DELIVERY

5.1 Test certificate

Unless otherwise agreed in writing, the Supplier shall issue test certificates for its products for each delivery. The information contained in these, shall correspond to the order documents.

The test certificates are to be issued according to DIN EN 10204: current version (acceptance test certificate 3.1). They should preferably be sent electronically with the batch number in the subject line to the specific factory e-mail address:

KSG GmbH German facility: Gornsdorf coc.gornsdorf@ksg-pcb.com

KSG Austria GmbH Austrian facility: Gars am Kamp coc.gars@ksg-pcb.com

or, if agreed, they should be delivered together with the goods.

5.2 Product labelling

To ensure unambiguous identification and complete traceability, all packaging units shall be unambiguously labelled. It must be possible to assign them to the Supplier's delivery documents and the order documents of KSG Group.

If the material has a limited shelf life, the best before date shall be indicated on the individual packaging, outer packaging, test certificate and delivery note.

5.3 Incoming goods inspection in the KSG-Group

The incoming goods inspection is carried out at the Purchaser's premises in the form of an identity check, i.e. the order documents, delivery note and goods are checked for matching information on description and delivery quantity. The presence of test certificates and the allocation to the delivery batch are checked. Furthermore, a check is made for externally visible defects or transport damage.

5.4 Chemicals / hazardous substances

According to the EU chemicals regulation REACH, chemicals / hazardous substances may only be put into circulation after registration (REACH = Registration, Evaluation, Authorisation of Chemicals).

The manufacturer or the initial distributor in the EU is responsible for registration. The registration refers to the applications of all downstream users.

The Supplier is responsible for securing the registration via its upstream suppliers. Furthermore, it must pass on all available information that is necessary for safe use by all downstream users. This is done first and foremost via a safety data sheet, the content of which must comply with the provisions of REACH (Art. 31). The data sheet shall be available in the language of the user. It shall be sent to the Purchaser

in good time before the first shipment of the respective hazardous substance. If there are new findings concerning the respective hazardous substance, the safety data sheet shall be updated and forwarded along the supply chain.

The obligation to provide information along the supply chain also applies to articles if they contain certain SVHCs or CMR substances (carcinogenic, mutagenic, reprotoxic) that give cause for concern when used. If these are present, they shall be explicitly named.

In accordance with EU Directive 2011/ 65/ EU including supplement 2015/ 863/ EU (RoHS, ElektroG) and 2017/2102/EU, KSG Group expects compliance with current lists for restricted materials contained in the procured commodities/ materials/ products. The Supplier shall be responsible for informing KSG Group should there be any adjustments/changes/additions.

According to Directive 2017/ 821/EU, selected raw materials may not be procured from conflict regions. The Supplier undertakes to provide a proof of origin (list of smelters) of these raw materials.

5.5 Shipment of dangerous goods

The legal regulations applicable to the transport of dangerous goods must be satisfied. The Supplier is liable for all damages resulting from violations of these regulations.

Only type-tested, approved and as directed labeled packaging must be used for transport. The delivery documents must show the respective dangerous goods information in accordance with current legal requirements.

6 OTHERS

6.1 Supplier evaluation

The KSG Group enforce a Supplier`s evaluation at least once a year. Based on the determined data, a classification into A-, B- or C-Supplier takes place. This classification will be communicated to the Supplier. If necessary, comments and corrective measures can be requested from the supplier. Also the blocking of the Supplier is possible.

6.2 Documentation

The Supplier is obliged to keep quality-relevant documents and records for at least 16 years in such a way that they can be accessed at any time. Upon request, it shall allow the KSG Group to inspect these documents.



6.3 Confidentiality

The Supplier is obliged to keep confidential any information and knowledge received from KSG Group. The disclosure of information to third parties requires the approval of the KSG Group. The obligation to maintain confidentiality shall apply for the entire duration of the business relationship and for 5 years thereafter. Excluded from this is generally accessible and state of the art information. If required, the KSG Non-Disclosure Agreement (NDA) can be entered into.

The points listed in this Supplier Guideline are to be applied in addition to the KSG Group's Purchasing Conditions.

KSG Group