



## **Supplier Guidelines Revision date 01.11.2018**

### **1. INTRODUCTION**

Increasing customer requirements in conjunction with worldwide competition are demanding a permanent improvement in all products and processes. The achievement of a high level of customer satisfaction in this regard is a decisive success factor for KSG GmbH. We can only justify this claim if we place likewise high standards on our suppliers and service providers.

The avoidance of errors rather than the discovery of errors – this claim, together with a steady improvement in the overall process chain of customer enquiry through to series production, is a requirement which we want to and must fulfil with the active help of our suppliers.

These guidelines describe the requirements on our suppliers and service providers and illustrate the methods of their fulfilment. They are binding for both products and services.

The objective is to secure the smooth running course of events between our suppliers and KSG, to guarantee high product quality and to minimise costs.

### **2. FUNDAMENTAL REQUIREMENTS**

#### **2.1 Code of ethics**

The relationship between KSG and its suppliers rests on the principle of respect for the interests of both sides based on fair contractual agreements. KSG abides by the applicable laws and heeds the rules of free competition.

It respects the principles of the Universal Declaration of Human Rights. Important ethical principles are the renunciation of child labour, forced labour and the discrimination against groups of people.

KSG expects from its suppliers an equal adherence to these principles.

#### **2.2 Quality and environmental management system**

The supplier has introduced a quality management system into its company.

The minimum requirement is a certification based on DIN EN ISO 9001 taking into account the applicable current revision status as appropriate.

A certification to ISO/TS 16949 and in accordance with DIN EN ISO 14001 for the environmental management system is furthermore to be strived for. This includes a detailed consideration of the life cycle of one's own products and in particular with regard to the utilisation by downstream users.

KSG is to be notified of the expiry of a certificate without planned recertification at least 3 months prior to its expiry. A revocation is to be reported immediately.



## **2.3 Audits**

KSG has the right to inspect through audits the effectiveness of the quality management and environmental management systems of a supplier after prior notification. These audits can also be conducted with customers of the company KSG. Sub-suppliers to the suppliers can also be audited where the responsibility for the manufacture and sale of products required by KSG has been transferred to them.

For the implementation of these audits the supplier guarantees access to all relevant areas as well as inspection of related documentation.

## **2.4 Energy and the environment**

Within the scope of the environment and energy management system we see it as our duty to effect measures for the steady improvement of environmental performance and energy efficiency. Compliance with statutory and official stipulations forms the basis for this. We expect the same approach from our suppliers.

## **2.5 Responsibility**

Each supplier is solely responsible for the quality of their products and services. Supporting measures or audits by KSG do not release the suppliers from this responsibility. In addition to the quality aspect, this product responsibility also embraces environmental and waste legislative perspectives. § 23 of the KrWG (German Life-Cycle Management Act) applies.

The necessary quality and logistics features are product and service-specifically named in, for example, order documentation, specifications, drawings, samples or similar.

Each supplier is responsible for the products and services of their sub-suppliers.

# **3. QUALITY ASSURANCE MEASURES**

## **3.1 Contract review**

The order documentation, specifications etc. provided by KSG are to be checked through carefully by the supplier. In so doing, ambiguities or errors are to be rectified together with KSG. The result of a feasibility analysis is to be disclosed to KSG. This check offers the supplier the possibility of contributing their experience and proposals to the advantage of both sides.

If requirements cannot be met or parameters not adhered to then a written release must be obtained from KSG.



### **3.2 Production documents**

The supplier keeps available a production steering plan of the entire process chain with all relevant information on production and test facilities, process descriptions and materials.

KSG is guaranteed sight of this on demand.

### **3.3 Sub-suppliers**

All determinations met between KSG and the supplier for quality assurance apply also to sub-suppliers.

The supplier is to ensure the quality capability of the sub-supplier by means of suitable measures such as initial sample clearance, goods-in controls, supplier evaluations and audits.

The results achieved in the process are to be documented.

### **3.4 Process analyses**

The supplier is to carry out FMEAs on processes where necessary.

If the product development takes place with the supplier then they are to compile design FMEAs. To optimise plant and processes the supplier uses statistical methods such as machine capability studies, process capability studies, measuring equipment capability studies and similar. The results of these are to be regularly evaluated by the supplier.

Detailed determinations on processes are to be stipulated in work or inspection instructions, control cards, analysis logs or similar.

In particular when reaching / exceeding warning or intervention thresholds, differentiated determinations are to be met for further procedural methods. Quality data is to be recorded, evaluated and archived. The supplier is to submit this data on demand.

If Cpk values have been specified then these are to be adhered to or contingency measures agreed with KSG are to be met such as 100% controls.

### **3.5 Requirement on inspection equipment**

The supplier makes available suitable inspection equipment for their production or provision of services. This inspection equipment is to undergo permanent test equipment monitoring, i.e. it is to be recorded and regularly calibrated. The inspection status is to be made recognisable on the inspection equipment and faulty inspection equipment is to be rejected.

Product quality-relevant inspection equipment is to be subjected to a measuring equipment capability study.

The following requirements apply:  $Cgk \geq 1.33$  and  $\%GRR \leq 10\%$



### **3.6 Process Change Notification**

Comprehensive changes in the product execution (major changes) and the product characteristics (including altered material composition) as well as changes in the impact on customer requirements require written notification and approval by KSG.

In the case of changes with low risk to the product implementation written information is to be given to KSG (minor changes).

To be able to assess the consequences of envisaged changes and to make a clear allocation to the stated categories (major / minor change), these changes are to be reported to KSG at least 9 months in advance.

Particular consideration is to be given here to changes in the production technologies, inspection procedures, materials and manufacturing plant.

### **3.7 Requalification**

The supplier is to requalify their products at least once annually.

In the case of deviations from the agreed specification the cause of defects are to be determined, remedial measures introduced and KSG are to be informed. Requalifications are to be documented, archived and to be made available to KSG on request.

## **4. DEFECTIVE PRODUCTS**

### **4.1 Obligation to inform**

Should the supplier determine defects in their own production or that of a sub-supplier then they are to inform KSG immediately and introduce remedial measures. If defective products have already been delivered then KSG is to be informed in writing immediately.

### **4.2 Claims**

If defective goods are delivered then on the detection of the defect a claim is immediately made to the supplier. KSG can likewise claim against environmental and law-relevant breaches (e.g. load security). The claim is made in the form of a notice of defect.

Rejected parts may be delivered along with this notice of defect depending on agreement. KSG expects the supplier to process the notice of defect in the form of an 8D report within 10 working days.

KSG charges an administration fee. In the case of repeated defects, escalation management takes effect.



## **5. DELIVERY OF GOODS**

### **5.1 Inspection certificate**

Unless agreed otherwise in writing the suppliers are to issue inspection certificates for their products. The information contained therein must accord with our order documentation.

Inspection certificates are to be issued in accordance with DIN EN 10204: current version (Acceptance inspection certificate 3.1). These are to be delivered with the goods or forwarded electronically.

### **5.2 Product labelling**

Within the meaning of clear identification and seamless traceability all packaging units must be lettered beyond doubt. An allocation to delivery papers and KSG order documentation must be possible.

If the material features a limited storage life then the minimum storage life date is to be specified on individual packaging, outer packaging, inspection certificate and delivery note.

### **5.3 Goods-in inspection at KSG**

The goods-in inspection is performed as an identity check, i.e. order documentation, delivery note and goods are checked for details correlating to the designation and delivered quantity. A check is made on the presence of inspection certificates and the correlation to the delivery batch. There is moreover an inspection carried out for outwardly visible defects.



## **5.4 Chemicals / hazardous substances**

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

The manufacturer or the initial EU distributor is responsible for the registration. The registration relates to the applications with all downstream users.

The supplier is responsible for ensuring the registration through their upstream supplier. Furthermore the supplier is to forward all available information necessary for safe application with all downstream users. This is done first and foremost via a safety datasheet, the content of which must be in accordance with the REACH regulations (Art. 31). The datasheet must be available in the language of the user. This is to be sent to KSG in good time prior to initial despatch of the respective hazardous substance. In the case of a new awareness pertaining to the relevant hazardous substance the safety data sheet must be updated and forwarded along the delivery chain.

The obligation to inform along the delivery chain applies also to products where these contain certain hazardous substances restricted in their use (so-called SVHCs).

## **5.5 Dispatch of hazardous goods**

The applicable statutory regulations for the transport of hazardous goods are to be complied with.

The supplier is liable for all damage resulting from breaches of these regulations.

Only type-tested, approved and properly labelled packaging is to be used.

The delivery papers must exhibit the appropriate hazardous goods information in accordance with current statutory guidelines.

## **6. SUNDRY**

### **6.1 Supplier evaluation**

An annual supplier evaluation is carried out by KSG. Based on data ascertained the supplier is given an A, B or C classification. This grading is disclosed to the supplier. Where appropriate, statements as well as corrective measures can be called for from the supplier. An exclusion of the supplier is also possible.

### **6.2 Documentation**

The supplier is bound to retain quality-relevant documents and records for at least 15 years in such a way that access is possible at any time.

KSG are to have sight of this documentation as required.



### **6.3 Confidentiality**

The supplier is bound to treat information and knowledge which they have received from KSG as confidential. Forwarding to a third party requires the written consent of KSG. The duty of confidentiality applies throughout the entire duration of the business relationship and a further 5 years beyond this. Exceptions to this are generally accessible and state of the art technology-relevant information.

### **6.4 Jurisdiction**

For all legal relationships between the parties German law shall apply.

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