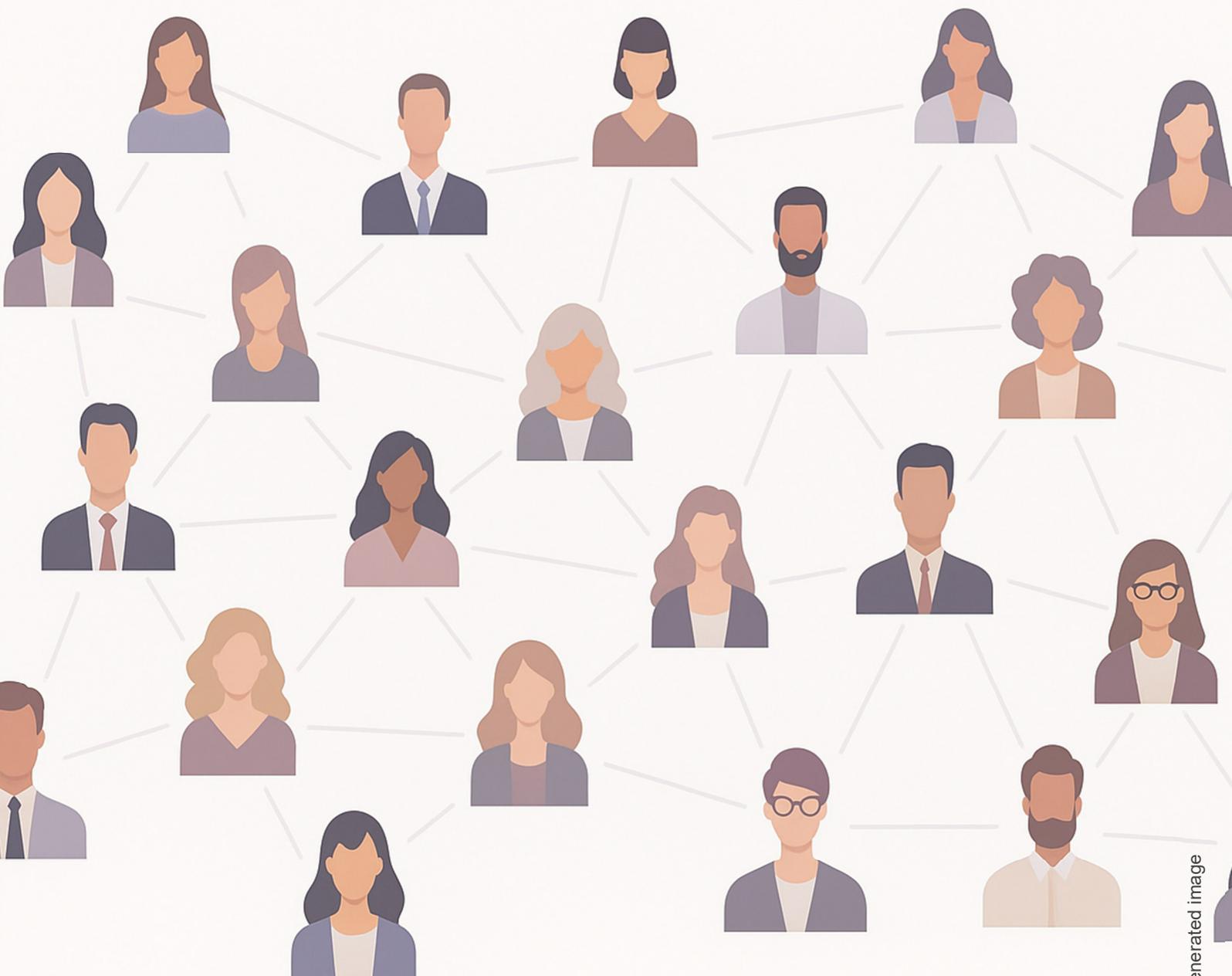


# SUPPLIER MANUAL PURCHASING

## DIRECT MATERIAL



AI-generated image

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## 0. Foreword

Kromberg & Schubert develops and produces complex wiring systems in its core business at over 40 international locations for the automotive industry. In addition to the production of special cables, the range of services today also includes plastics technology.

The committed interaction of development, production and quality management has top priority at Kromberg & Schubert in order to implement every solution perfectly.

The business partners are companies that supply within the automotive industry. The business partners are committed to the high quality standard of this industry. They are aware of the special obligations to be observed in the automotive industry with regard to delivery reliability and compliance with global and local requirements for products and services and the resulting liability risks. The goal of zero-defect quality is the core of our quality policy and the basic element of our quality management system. This high standard is also a central component of our purchasing strategy. The business partners strive for a long-term cooperation in which Kromberg & Schubert (hereinafter referred to as Kroschu) continuously purchases products and services from suppliers for global use.

This handbook is a guide to working in partnership between suppliers and Kroschu. In this supplier manual, only the general conditions for future cooperation between the business partners are described. The requirements for suppliers from the automotive industry are the corresponding industry standards.

The manual is used at all Kroschu locations and is supplemented by the Terms and Conditions of Purchase, as amended from time to time, which can be downloaded from the Kroschu website:

### **Collaboration - Kromberg & Schubert**

The Supplier Manual is used exclusively in the German, English and Portuguese versions. In the event of contradictions or deviations, only the German version shall be binding.

## 1. Requirements for the supplier management system

The suppliers commit themselves to maintain a quality management system according to DIN ISO 9001 and to prove this with corresponding certificates. A quality management system according to IATF 16949 is to be aimed at for suppliers in the field of series and spare parts production in the automotive industry. The measures for the planned certification according to IATF 16949 have to be proven with a schedule.

Kroschu instructs all suppliers to seek certification to the current version of ISO 14001 and ISO 45001 (or a similar system separately approved by Kroschu). Suppliers who have fulfilled DIN ISO 45001, DIN ISO 27001 or TISAX are preferred.

We expect the management system of the supplier to include the following sustainability areas in particular:

- Water quality and utilization
- Energy consumption and greenhouse gas emissions
- air quality
- responsible management of chemicals
- Management of natural resources and waste prevention

The following table shows the minimum requirements Kroschu places on its suppliers:

	Quality management system	Environmental management system
Direct parts suppliers from the series and spare parts production sector	IATF 16949 (ISO9001 as alternative in exceptional cases)	ISO 14001 (if not available, evaluation by means of risk assessment)
Indirect parts suppliers and distributors as well as suppliers who do not act as series producers in their activity	ISO 9001	ISO 14001 (if not available, evaluation by means of risk assessment)
Suppliers for prototypes, which take over the production and development of innovative new developments -> Components, which are not yet available on the market, even in a similar version.	ISO 27001 or TISAX approval  In exceptional cases, a self-disclosure according to the actual, valid version from ISA is accepted after prior review (see also point 10 of this document).	

All suppliers must confirm their certifications to Kroschu by submitting a copy in good time before the certificate expires by sending the certificates to the following email address:

[riskmanagementrequest@ksab.kroschu.com](mailto:riskmanagementrequest@ksab.kroschu.com)

Kroschu expressly reserves the right to check the effectiveness of the QM system (after prior notice) in the form of an audit.

## **2. Qualification and monitoring process (supplier selection)**

### **2.1. Documents**

The documents listed below are binding for the future business relationship.

#### **Non-disclosure agreement (NDA)**

A non-disclosure agreement serves to ensure the contractual confidentiality of all information that becomes known during the business relationship, e.g. negotiations, confidential documents, drawings, specifications, etc.

#### **Supplier Code of Conduct (SCoC)**

The Supplier Code of Conduct (see also 8.1) represents a code of conduct for suppliers, especially with regard to fairness, integrity and responsibility. Kroschu expects its suppliers to respect this standard.

#### **Data protection and order-related data**

If a higher level of risk protection is required for data protection and in dealing with order-related data, an agreement will be concluded to this effect. The regulations of document „Information security and data protection guideline for suppliers“ are also applicable and valid.

### **2.2. Supplier Questionnaire (SQ)**

Kroschu uses a Supplier Questionnaire as part of a self-assessment for all suppliers in the area of direct material. A company presentation and the current certificates (quality and environmental certificates) must also be submitted.

Kroschu carries out a risk assessment based on the questionnaire. Kroschu will only accept fully completed self-disclosures. Kroschu must be informed immediately and unsolicited of any significant changes to the database listed in the questionnaire.

### **2.3.Pre-assessment by the responsible purchaser**

The purchasing department carries out at its discretion a pre-assessment of new suppliers:

- determine the potential delivery performance
- determine whether a suitable management culture exists
- analyze whether Kroschu's specifications can be met
- to carry out the CSR sustainability survey

The responsible purchaser will contact the supplier to arrange an appointment.

### **2.4.Risk Assessment**

Kroschu then carries out an internal risk analysis on the above points. It is therefore imperative that the supplier completes the supplier self-assessment under point 2.2 and, if required, participates in the pre-assessment by the purchaser. In the event of a negative risk assessment, a new supplier will be included in the supplier pool with a blocking notice. After a positive risk assessment, the supplier can receive enquiries and is prepared for the further qualification process.

#### Sustainability rating in the context of risk assessment

As part of the risk assessment, relevant points relating to sustainability and corporate responsibility (work and health management) as well as environmental aspects (corporate policy for energy and water consumption, emissions to the air, waste management and handling of chemicals) are analyzed and rated.

### **2.5.Potential Analysis**

For new suppliers, a potential analysis according to VDA Volume 6.3 can be performed by Kroschu's SQM. Kroschu may require a self-audit according to VDA 6.3 in order to obtain information prior to a potential analysis.

A negative potential analysis can lead to exclusion in award decisions.

### **2.6.Risk status of the supplier**

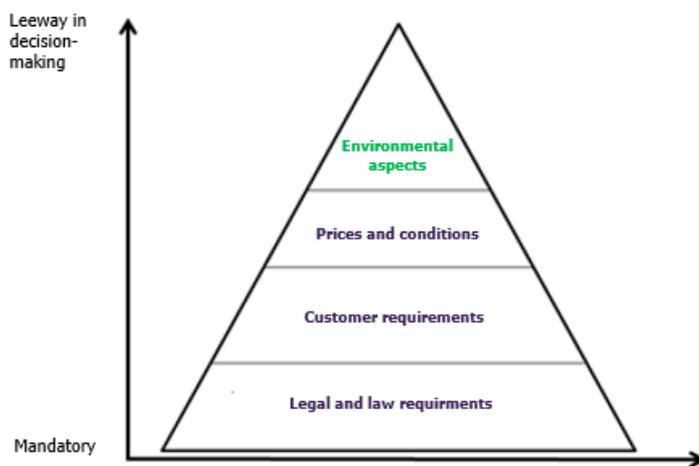
The risk status is established from the performed risk analysis and from the presented documents.

The risk status serves as the basis for evaluating the global supplier status.

## 2.7. Environmental performance

Due to the direct influence of the material flows that reach our company, purchasing plays a key role to Kroschu's environmental goals. Therefore, the environmental integrity of the supplier with regard to their products and activities is also considered within the framework of the risk analysis. For this purpose, an indicator of environmental integrity, the environmental performance, is calculated for the supplier (environmental performance indicators).

The data for this are collected in the Supplier Questionnaire (see 2.2).



The environmental performance is included in the award decision.

## 2.8. Observance of legal regulations and other requirements

The supplier undertakes to comply with the respective statutory environmental and occupational security regulations in the country of manufacture. At Kroschu's request, the supplier is obliged to provide proof of this. In addition, the supplier is obliged to comply with the relevant laws and guidelines from this guideline.

The supplier undertakes to comply with the respective requirements of the OEM or end customer in the currently valid version. The supplier is responsible for obtaining the current versions of the requirements from the OEM or end customer. If this is not possible, Kroschu can assist.

The supplier undertakes:

- to procure and comply with statutory regulations, all specifications, requirement books as well as standards on the drawings in the respectively valid version
- to procure and comply in case of set parts with statutory regulations, all specifications, requirement books as well as standards on the drawings in the current version from the OEM
- to define and hold up special features and necessary parameters for process capability (if necessary in coordination with Kroschu)

- to point out missing information (e.g. specification, standards)
- to report inconsistencies in the documentation to the responsible purchasing department
- to make current or changed drawings and samples available to Kroschu immediately for approval

## **3. Sourcing process and contract management**

### **3.1. Offer design**

This can be an individual or an annual request with forecast quantities for a specific period. The suppliers' offers must refer to the request number and must be returned to the sender in the form in which they were requested. Offer deadlines must be observed.

Elementary offer components such as precious metal weights, individual components or services must be clearly identifiable in the offer.

Packaging units, minimum order quantities, terms of delivery and payment as well as the indication of production locations are components of the offer. Agreements made directly with the OEM must be sent to Kroschu immediately with the contents above.

We understand the incoming offers as checked by the supplier in sufficient form for correctness (offer error).

All offers must be submitted exclusively to the person or purchasing department named above. Forwarding, copying, or transmitting such offers to third parties is strictly prohibited and expressly forbidden. Any offer sent to persons other than the explicitly requesting party is hereby rejected in advance. Such offers shall be deemed not received and shall have no legal effect.

Silence in response to an improperly addressed offer shall expressly not be deemed acceptance or consent. It shall not establish any legal relationship or obligation.

### **3.2. Offer documents**

The supplier receives from Kroschu specifications, specifications, drawings, standards and other information necessary for the announcement.

The supplier is responsible for assessing, coordinating and complying with the requirements and for pointing out obvious missing information.

For all processes, services and products provided, the supplier undertakes to comply with the applicable legal and official requirements of the ex- and importing country and the country of destination specified by the OEM. If necessary, the customer-specific requirements demanded by Kroschu OEM (see abstract for excerpt) must be taken into account. The supplier must also

contractually oblige any subcontractors, suppliers or other contractual partners in the supply chain to comply with the aforementioned minimum standards.

For his deliveries, the supplier must take into account and apply the current state of science and technology, the safety regulations and the agreed technical data.

Any inconsistencies in the offer documentation shall be reported to the responsible purchaser.

The VDA 6.4 standard must be observed for the production of tools and production equipment.

### **3.2.1. Terms of purchase**

Kroschu's current terms and conditions of purchase are binding for the conclusion of purchase contracts and must therefore already be taken into account in the offer phase. The currently valid version of the terms and conditions of purchase can be viewed at the following link:

[Collaboration - Kromberg & Schubert](#)

### **3.2.2. Environmental aspects / Security, health and safety at work**

The supplier undertakes to continuously and efficiently improve its compliance with the respective national environmental regulations and its activities with regard to the environmental situation. All materials used must comply with the applicable legal environmental and occupational safety requirements. When selecting the materials to be procured, the supplier must check whether they are hazardous substances within the meaning of the GefStoffV and whether less problematic substitutes are available for these substances.

The supplier must also contractually oblige any subcontractors, suppliers or other contractual partners in the supply chain to comply with the aforementioned minimum standards.

Kroschu expects its suppliers to actively support environmental protection by using processes that avoid waste, improve quality and promote efficient use of resources at their sites.

As a matter of principle, we would like to point out that applicable laws regarding bans on materials must be observed.

We expect our suppliers to identify and label chemicals they use according to regulations, to store and handle them properly (e.g. safe transport) and, if necessary, to dispose of or recycle them according to regulations.

Kroschu expects its suppliers to put safety first and they strive to prevent all injuries, work-related illnesses and safety incidents. Our suppliers must actively promote the health and safety of all employees with policies and practical programs to protect each individual from danger.

The supplier must also contractually oblige any of its own subcontractors, suppliers or other contractors in the supply chain to comply with the aforementioned minimum standards.

### **3.3. Nomination**

At Kroschu, the decision to award a contract is generally taken by internal committees.

The order for the delivery of contractual products is placed exclusively by Kroschu purchasing with a corresponding agreement, such as a nomination letter or a written confirmation of the agreed conditions. Prerequisites for the effectiveness of a nomination are capacity confirmations, valid OEM releases, releases by Kroschu as well as confirmations of install-ability and further agreements from the nomination letter. The supplier must also contractually oblige any subcontractors, suppliers or other contractual partners in the supply chain to comply with the aforementioned minimum standards.

The supplier guarantees that his services are suitable for the specified use and that they are of impeccable quality with regard to the materials used and execution.

### **3.4. Contract Management**

The business relationship is based on the on the contracts concluded by the Central Purchasing.

#### **3.4.1. Quality Assurance Agreement**

The provisions of the Quality Assurance Agreement (QSV) apply to all deliveries, i.e. all materials, raw materials, individual parts, assemblies, systems and services that the supplier delivers to Kroschu. A separate agreement is concluded for this purpose (QSV). The QSV regulations apply to all production sites of Kroschu and/or worldwide subsidiaries of Kroschu in which Kroschu holds the majority.

#### **3.4.2. Logistics contract for direct material**

Logistical requirements can be found in our logistics guide. These contract documents are concluded separately with the Raw Material Logistics department.

#### **3.4.3. Warranty agreement**

In order to meet the standards and warranty claims against the customer promised by Kroschu, these requirements must also be transferred to ours subcontractors by means of a warranty agreement.

The structure of the agreement is generally based on the Kroschu standard and will be explicitly adapted and concluded separately according to different customer requirements.

## **4. Cooperation in project management**

### **4.1. Component management in general**

In order to meet customer requirements, the degree of maturity of products must be ensured as part of component management. Suppliers are involved in the product development process at an early stage, so that start-up, delivery and field quality can be improved in the supply chain.

### **4.2. Request to development components**

The project purchasers send multiple requests to the suppliers on different dates. Active cooperation of the suppliers is expected. This also applies to suppliers who develop the products together with the OEMs (see model SPQ in the appendix).

The request regarding development components refers to the identification of the respective maturity level of new parts and/or development components and is started immediately after project start.

The request for so-called takeover parts checks the maturity level of COP parts.

Should occur deviations based on these requests, measures are taken or –if necessary- escalations are initiated which take place in consultation with the customer.

### **4.3. Capacity requests in project management**

Capacity requests are used to secure the start of projects and to identify potential supply risks. The capacity of requests are carried out using standardized forms (see sample in appendix) in the project phase according to the project milestones (approximately 6-9 months before SOP).

In case of insufficient confirmation or no confirmation, after an unsuccessful reminder, an information to the customer for escalation is initiated and the supplier status is reevaluated.

### **4.4. Advanced quality planning and maturity assurance**

In general, the supplier undertakes to carry out the security measures together with Kroschu at the appropriate degree of maturity.

### **4.5. Risk classification**

The requirements for maturity assurance are determined by the risk classification of a new project or a new product. The classification takes place in three stages CLD 1-3. The basis for

this risk classification is, among other risks, the SPQ request described above, which must be completed by the supplier according to the project status.

In case of parts not developed by Kroschu itself, only the request to the supplier for maturity level assurance between OEM and supplier is made.

#### **4.6. Project progress and timeline**

The supplier has to report its project progress to Kroschu on its own and on the basis of the risk classification. Equally, corresponding reports must be sent automatically to Kroschu at the previously defined interval. Unless otherwise agreed, the reports should be submitted every 4 weeks.

The supplier is responsible for creating a project timeline from which all necessary activities concerning tool, production and quality planning can be seen. This timeline must be coordinated with Kroschu.

Minimum requirements are:

- Milestone planning, based on the dates provided by Kroschu or by the end customer (in case of setting parts)
- Equipment and tool progress report
- Advance quality planning
  - Subcontractor management
  - Process flow chart
  - D-/P-FMEA und control plan
  - Product and process validation

In case of suppliers nominated and provided by the customer (so called "mandated parts") Kroschu must be informed of the timeline agreed with the end customer. All deadlines contained in the agreed timeline represent binding contract deadlines. If a deadline is not met, the supplier is automatically in default and must immediately present a plan of actions.

#### **4.7. Failure mode analysis and impact analysis**

The design-FMEA must be carried out in any case and must be updated during the entire product life cycle, e.g. after complaints or changes to the product.

The supplier must make the FMEA available to Kroschu (but at least allow access) and if demanded, an interface FMEA with Kroschu and/or the final customer accomplish.

(Special) Features specified by Kroschu or the final customer must be integrated into the FMEA and if necessary own special features must be defined by the supplier.

**4.8.Process cycle**

The supplier must provide a schematic flowchart including repairs and reworking (only if this is permitted) at the beginning and at changes in its process cycle, which represents the current process cycle.

**4.9.Prototypes and pre-series parts**

For all suppliers of prototypes and pre-series parts, the supplier must send at least one measuring report by current drawings and one functional report. These reports must be submitted free of charge and they must be included in the offer by the supplier. Should Kroschu require further confirmation from the final customer, the supplier must also provide this.

The marking of prototypes and pre-series parts must be coordinated with Kroschu before the delivery.

**4.10. Certificates of competence**

Process competence certificates serve to prove the quality capability of the processed used. These certificates must be carried out for all special features by Kroschu, the supplier and the final customer.

The following indices are valid:

Feature	Provisional process capability Ppk	Long-term capability Cpk
Safety-relevant feature	> 2,00	> 1,67
Significant feature	> 1,67	> 1,33

If the above ability indices are not reached, Kroschu must be informed immediately. In addition, the supplier must immediately take appropriate measures to meet the requirements and, until Kroschu has confirmed this measure, carry out a documented 100% inspection of the incapable processes.

#### **4.11. Testing equipment**

The supplier undertakes to exclusively use appropriate testing and measuring equipment for the monitoring of his processes and to prove their ability in accordance with VDA Volume 5.

#### **4.12. Process validation**

The process validation is carried out in accordance with VDA Volume 6.3 "Process audit" and must be completed before any planned process audit by Kroschu.

The object of the release is also a capacity confirmation or verification of the existing production capacity by a 2TP / Run@Rate.

#### **4.13. Sampling**

Unless otherwise agreed, samples shall be sent to KROSCHU in accordance with PPAP / AIAG Level 3 or VDA / PPF Level 2. All documents must be made available in English or, if explicitly requested, in German.

The documents and the parts necessary for the initial sampling are to be made available by the SUPPLIER free of charge. In principle, all components must be sampled free of charge prior to series production in accordance with VDA.

The required sampling documents as well as the final date are communicated to the SUPPLIER by the means of a standardized PPAP checklist.

Unless otherwise agreed, the documents are to be made available in pdf format by e-mail at [ppap@kstn-tu.kroschu.com](mailto:ppap@kstn-tu.kroschu.com).

In addition to the general requirements for the QM system, product-specific quality records must be kept by the SUPPLIER and archived for at least 15 years after the last production of the component (see VDA Volume 1).

#### **4.14. IMDS und REACH data**

All commercial products supplied to Kroschu must comply with the GADSL (Global Automotive Declarable Substance List) and REACH Regulation 1907/2006/EC. The supplier undertakes to include the necessary information in the IMDS before submitting the sampling documents ([www.mdsystem.com](http://www.mdsystem.com)).

The disclosure of IMDS data also satisfies the information requirements of ELV 2000/53/EC and REACH Regulation under Article 33.

It should be noted that requirements by legal regulations and the above-mentioned documents are regularly updated. Suppliers are therefore bound to use the latest version of the material date sheets.

#### **4.15. Parts history**

For all products delivered to Kroschu, the supplier keeps a so-called parts history in which all changes to products and processes initiated internally and externally are documented. This must be made available to Kroschu on request. In the case of suppliers already nominated and specified by customers (so-called "set parts"), the parts lifecycle must be kept in the appropriate OEM or end customer format.

#### **4.16. Traceability**

The supplier undertakes to ensure the traceability of the products delivered by him. If a defect is discovered, the traceability and confinement of the defective parts/products/revision etc. must be fully guaranteed.

Due to regulatory requirements of different countries, Kroschu must, in individual cases, prove the origin of sub-components contained in Kroschu's products to authorities along the supply chain and, if necessary, completely up to the origin. Unless there is an important reason to the contrary, the supplier shall provide information about its supply chain (in particular subcontractors) to a reasonable extent upon request.

#### **4.17. Cost-down workshop and KVP**

In order to meet the high cost pressure, a workshop can be held during the project phase by Kroschu Purchasing together with the suppliers to optimize costs.

In general, Kroschu expects its suppliers to actively participate in the continuous improvement of processes, procedures and products. The results from the (CIP) must be demonstrated as cost savings or quality improvement.

## 5. Cooperation during series production

### 5.1. Quarterly supplier monitoring

The year-round monitoring of the suppliers by the logistics and quality departments takes place on a quarterly basis. The following numbers of performance are collected and valued:

#### Logistics:

- Logistical delivery service (delivery reliability)
- Number of additional freight-related incidents

#### Quality:

- Conformity of the delivered products with the requirements
- Any malfunctions occurring in the customer's supplying facility, including yard holds and delivery stops

#### 5.1.1. Quality performance (QP) – Indicators

For the QP evaluation, four single indicators (QP 1 – QP 4) are created:

- QP 1            ppm intern  
                    defective purchased parts found at Kroschu
- QP 2            ppm external  
                    defective purchased parts found at Customer of Kroschu
- QP 3            average number of complaints per month  
                    defective purchased parts verified by the supplier
- QP 4            number of field failures  
                    verified field failures due to defective purchased parts

#### 5.1.2. Calculation of QP

The final calculation of the QP will be done using the following formula. The indicators are shown at point 5.1.1.

$$QP [\%] = (2 \times QP1 + 3 \times QP2 + 5 \times QP3) \times \left( \frac{1}{1 + QP4} \right)$$

The above mentioned indicators will be transferred into points to use the value for the QP evaluation:

QP1	Score
0 ppm < QP1 ≤ 10 ppm	10
10 ppm < QP1 ≤ 50 ppm	8
50 ppm < QP1 ≤ 100 ppm	6
100 ppm < QP1 ≤ 200 ppm	4
QP1 > 200 ppm	0

QP3	Score
0 < QP3 ≤ 1	10
1 < QP3 ≤ 2	8
2 < QP3 ≤ 3	6
3 < QP3 ≤ 4	4
QP3 > 4	0

QP2	Score
QP2 = 0 ppm	10
0 ppm < QP2 ≤ 10 ppm	8
10 ppm < QP2 ≤ 20 ppm	6
20 ppm < QP2 ≤ 30 ppm	4
QP2 > 30 ppm	0

QP4	Score
Field failures	Number

### 5.1.1. Analysis of QP

The ABC ranking is defined with the following limits:

- A**            QP ≥ 90%
- B**            90% > QP ≥ 80%
- C**            QP < 80%

In case of a C-classification in logistics or quality, the relevant department will approach the supplier promptly and draw up action plans.

## 5.2. Capacity requests in series production

The annual price request specifies forecast quantities for a defined period, which must be confirmed accordingly. In addition, the items must be marked with expected capacity problems. An action plan to avoid capacity problems must be submitted to Kroschu.

If the capacity request is not answered, a capacity confirmation is issued. Possible capacity shortages are the full responsibility of the supplier. Possible consequences (freight costs, loss of production at Kroschu and the OEMs) are expressly pointed out and can be passed on to the supplier.

### **5.3. Self-disclosures**

In case of quality problems, the supplier must immediately make a self-disclosure. The corresponding Commodity Manager SQM has to be informed.

The self-disclosure must contain at least the following items:

- Detailed problem description (with description and photo documentation)
- Error containment and risk analysis
- Immediate measures to secure the stock at Kroschu or the goods in "transit" (including finished goods)
- Action plan to ensure the required product quality again or error analysis in the form of the 8D method. If this is not yet possible, the dates must be stated until the end of the analysis.

Self-disclosures are not ppm-relevant. If the potentially defective parts have already been processed and/or have led to a disruption of the production process, however, self-reports are also classified as ppm-relevant.

### **5.4. Production safety officer**

All supplier sites which are delivering Volkswagen (VW) related components to Kroschu must name the responsible product safety officers (PSCR). This is to ensure that liability risks are identified throughout the entire product development process, minimized in product development and controlled through process development.

### **5.5. Sub-contractor management**

In order to keep the risks within the supply chain as low as possible, subcontractor management serves to identify and protect against possible risks.

The Supplier is fully responsible for the Supplier's procurement volumes as well as process steps outsourced by the Supplier, which also includes the entire responsibility for quality. The supplier must also transfer the requirements placed on him by Kroschu to all subcontractors and control compliance.

The supplier is responsible for checking the technical practicability and the availability of the sub-components before accepting the order and for securing if necessary.

The supplier has to develop and keep up a risk management with his subcontractors, which takes up and considers the points of this guide, especially point 2 and following under consideration of given standards.

## 6. Change management

Any change to the supplier's product or process that has or could have an impact on the finished product must be reported to Kroschu in time and the supplier must get Kroschu's agreement. A realization without the explicit agreement of Kroschu is not allowed. Changes for which Kroschu required a customer release will only be authorized after receiving the OEM release.

Changes requiring authorization must be reported in accordance with VDA Volume 2 "Activation matrix in PPF procedure" (see link under point 12. references).

**Change reports must only be sent to the following e-mail address:**

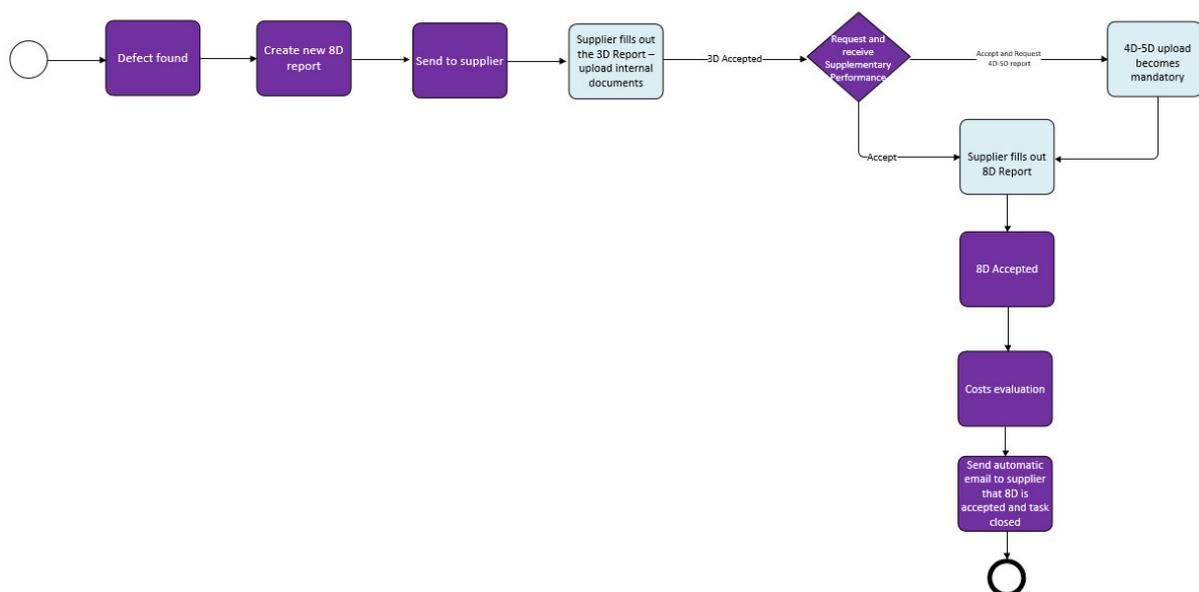
**[changenotification@kroschu.com](mailto:changenotification@kroschu.com)**

Change reports, which are not sent to the email address below, cannot be taken into account for processing reasons and lead to escalations, for which Kroschu cannot bear any responsibility. This also applies if, for example, this message was sent directly to the Kroschu-factories.

Costs incurred by Kroschu because of a product or process change not properly controlled by the supplier, in particular because of a change not reported or not reported time, may be charged on to the supplier.

## 7. Claim Management

Deliveries of the supplier, which are objected to by the Kroschu incoming goods department, are to be notified about a complaint using the ASTRAS tool. Work instructions for the tool and access information will be provided case by case. The process will be rolled-out to all Kromberg&Schubert plants.



The following deadlines are already set automatically in the system:

- 3D-Report (Date of claim + 1 business day)
- 5D-Report (Date of claim + 5 business days)
- 6D-Report (Date of claim + 10 business days)
- 8D-Report (Date of claim + 20 business days)

Deadline for supplementary Performance (replacement delivery or rework) (Date of claim + 5 business days)

If additional deviating customer requirements have been accepted, these must be applied accordingly by the plant, as a system based display of the deviating deadlines is not possible.

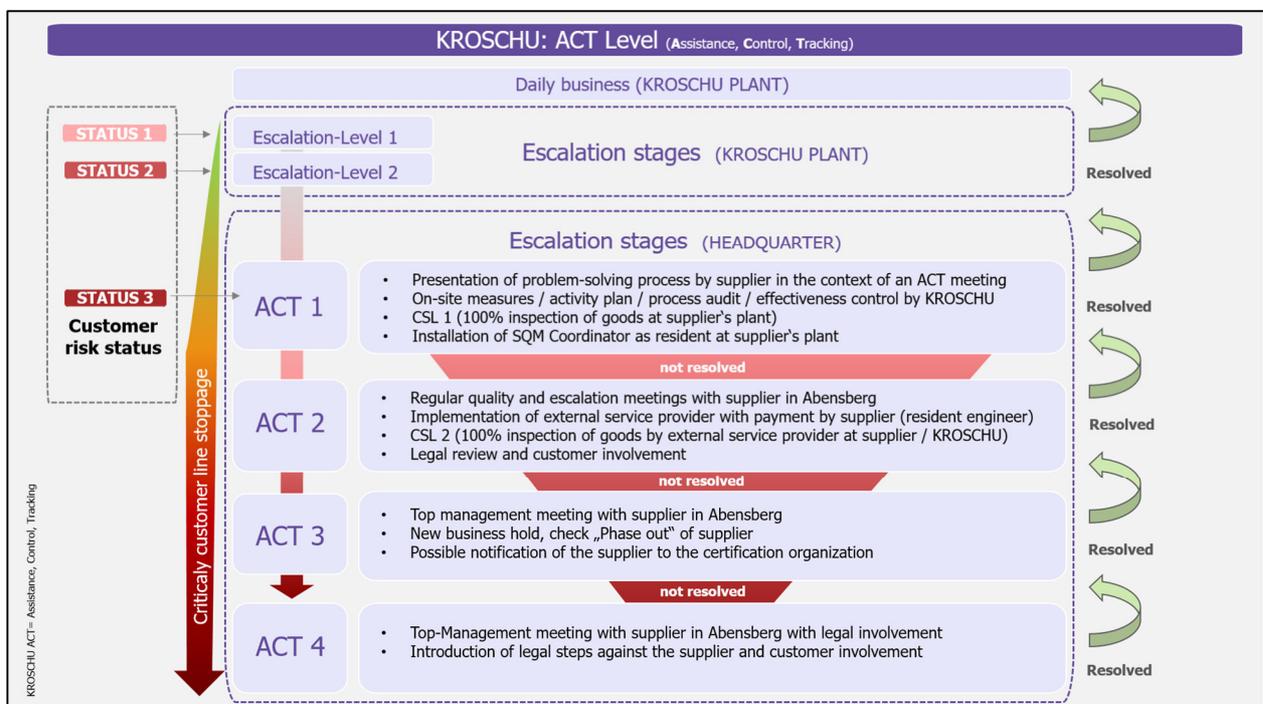
Requirement OEM Porsche for VIP vehicles (field failures and "Q focus alert"):

- 5D-Report (Date of claim + 3 business days)
- 8D-Report (Date of claim + 10 business days)

In case of no feedback from the supplier, an automatic notice of default will be issued in accordance with the legal basis after the expiration of the deadlines specified in the complaint notification.

## 8. Escalation management

The escalation method (ACT) is valid for all suppliers of Kroschu and its linked companies.



The inclusion in the escalation method can take place, for example, in the following cases:

- Repetition errors - despite completed problem solving process
- Inadequate complaint management on the part of the supplier
- Disregard of agreed action plans
- Customer complaints because of incorrect deliveries
- Multiple delays in delivery deadlines

Kroschu reserves the right to charge the supplier for all costs arising from the application of the escalation procedure.

Escalation management influences the supplier status with corresponding effects on existing and future business relationships.

## 9. Corporate Social Responsibility

The supplier is obliged to observe the current legal, country- and industry- specific regulations regarding employment protection, environmental care and recycling.

With regard to ecology, the following, among other things, must be considered:

- Minimizing resource consumption and increasing energy efficiency

- Eco-friendly packaging, transport and logistics concepts
- Avoiding problematic substances
- reprocessing of means of production and production aids (e.g. coolants and lubricants)

In order to ensure CSR in the supply chain, Kroschu carries out a risk assessment based on the information from the supplier self-disclosure (supplier self-disclosure see point 4.2) as part of the new creation of suppliers. This assessment is included in the supplier's risk analysis.

### 9.1. Ethical standards and code of conduct

Throughout its business activities, Kroschu is aware of its social responsibility and is committed to the principles of the United Nations Global Compact Initiative ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and the ILO Declaration on Fundamental Principles and Rights at Work ([www.ilo.org/declaration](http://www.ilo.org/declaration)). Kroschu also requires its suppliers and all subcontractors to behave in an appropriate, law-abiding, social and ethical manner in order to ensure compliance with the minimum standards laid down in the above-mentioned declarations of principles (see Code of Conduct).

- Child and forced work will not be tolerated
- The principle of "non-discrimination" exists
- Freedom of assembly is guaranteed

- Working hours and remuneration comply at least with the respective national and legal requirements

Kroschu does not expect its suppliers to take any action that creates or even appears to create a conflict of interest.

The supplier must also undertake by contract that its own subcontractors, suppliers or other contractual partners in the supply chain comply with the above-mentioned minimum standards.

## **Human Rights**

Kroschu expects all suppliers and subcontractors to recognize the fundamental rights of all employees and to ensure equal opportunities and treatment regardless of skin color, gender, religion, ethnic origin, nationality, ideology, disability or sexual orientation.

## **Labor standards and occupational health and safety**

- Child labor and forced labor are not tolerated
- The principle of non-discrimination prevails
- Freedom of association is guaranteed
- Working hours and remuneration are at least in accordance with the respective national and legal requirements.

Kroschu does not expect its suppliers to take any action that could lead to a conflict of interest or even the appearance of such a conflict.

Kroschu expects its suppliers to put safety first and to strive to prevent all injuries, work-related illnesses and safety incidents. Our suppliers must actively promote the health and safety of all employees with policies and practical programs to protect everyone from danger.

## **Corruption Prevention**

Kroschu expects all of its suppliers and subcontractors to stand against all forms of corruption as well as extortion and bribery.

Anti-trust and competition laws must be complied with.

## **9.2. Anti - Fraud - Regulation**

In order to prevent potential risks of fraud and embezzlement of capital losses, the supplier's accounting data are checked using the „4-eyes“ principle. The accounting department and the

risk management purchasing department will approach the supplier to check the supplier's financial data (bank details, IBAN, SWIFT). The aim is to minimize the possibility of fraud and the resulting consequential losses through preventive action.

**Any changes to the financial data (e.g. bank details, IBAN, etc.) must exclusively be reported to the local accounting (of the relevant factory) of Kroschu.**

Changes, which are not reported to the local accounting, can lead to payment defaults for which Kroschu cannot assume any responsibility.

## 10. Information security requirements

Kroschu is certified according to TISAX and operates in accordance with DIN ISO 27001. To ensure compliance with the standard in cooperation with suppliers and their subcontractors, the following information security requirements are mandatory as a minimum requirement for suppliers from the following areas:

- Suppliers for prototypes, which take over the production and development of innovative new developments -> Components, which are not yet available on the market, even in a similar version.
- Engineering offices and suppliers for concept studies / design for new developments
- Suppliers from the mechanical engineering sector if a special system is to be ordered there

Suppliers who fall under the above activity, the document "Information Security Guidelines for Suppliers" applies in addition (see appendix).

## 11. Documentation duty

All to the business transaction related documents and records must be kept by the supplier for 15 years after the end of the production. This includes among other things: drawings, production approvals, planning certificates, proof of employee qualification, checks on test and process capability.

## 12. References

IATF – International Automotive Task Force

<http://iatfglobalversight.org>

IATF 16949 und ISO 9001:2015

<http://www.aiag.org>

### 13. Abbreviations and terms

2TP	2-day production
8-D	Complaint procedure
AIAG	Automotive Industry Action Group
APQP	Advanced Product Quality Planning
COP	Carry over parts
Cpk	Process capability index
CSR	Corporate Social Responsibility
CLD	Controlled Level Definition
D-FMEA	Design FMEA
DUNS	Data Universal Numbering System
ELV	End of life vehicle
FMEA	Failure mode and influence analysis
GADSL	Global Automotive Declarable Substance list
GefStoffV	Ordinance on Hazardous Substances
GSS	Global Supplier Status
IATF	International Automotive Task Force
ISO	International Organization for Standardization
IMDS	International Material Data System
Kroschu	Kromberg & Schubert
KVP	Continuous improvement process
NDA	Non-Disclosure Agreement
OEM	Original Equipment Manufacturer
OHSAS	Occupational Health & Safety Advisory Service
P-FMEA	Process-FMEA

Ppk	Process Capability Index
ppm	Part per million
PCN	Process Change Notification
PPF	Production process and product releases
REACH	Registration, Evaluation, Authorization, Restriction of Chemicals
Risk Assessment	Risk assessment of the supplier
Run@Rate	Capacity measurement (capability analysis)
SGA	Safety, health and occupational safety
SOP	Start of Production
SQM	Supplier Quality Management
SQ	Supplier Questionnaire
QAA	Quality assurance agreement
TISAX change	Trusted Information Security Assessment Exchange
VDA	Association of the Automotive Industry

## 14. APPENDIX

General terms and conditions

Sample request development components/new parts

Sample inquiry COP components

Sample capacity inquiry

Overview customer requirements

Overview of location shortcuts

Information security guidelines for suppliers (only if applicable see point 9)

## 14.1. Sample development components/new parts

<b>SPQ</b> <b>Supplier Project Questionnaire</b> <b>New Components</b>
--



Project	
Production Plant Kroschu	
SOP Kroschu	
Supplier	

### Component Overview

Ident	Description	OEM Part No.	Supplier Part No.	Production Location	Drawing Date	new plant	new design	process	new product
						yes/no	yes/no	yes/no	yes/no

### Quantities / Production Phase

first Prototypes			VFF			PVS			0-Serie		
del. date cw45/2015			del. date cw47/2015			del. date cw36/2016			del. date cw14/2017		
Quantity	Quantity confirmed	confirmed del. Date	Quantity	Quantity confirmed	confirmed del. Date	Quantity	Quantity confirmed	confirmed del. Date	Quantity	Quantity confirmed	confirmed del. Date

Please fill out all highlighted fields (grey).

### General Information

Kroschu Ident	000800	000840	000847	001028			
1.0 Have you been nominated by the OEM/customer for the mentioned components?							
2.0 Are these components planned for production?							
2.1 If yes, in which projects are they used?							
3.0 Do prototype tools or other tools exist? If yes, which capacities could be guaranteed?							
4.0 Do serial tools exist for the mentioned components?							
4.1 Who is the owner of the tools?							
4.2 Have the serial tools already been ordered?							
4.3 When will the serial tools be finished?							
<i>Please let us have the following information:</i>							
First off tool parts available at (date)							
Planned customer release (date)							
PPAP possible at (date)							
5.0 Other remarks of the supplier							

Date \_\_\_\_\_

Signature Supplier \_\_\_\_\_

## 14.2. Sample inquiry COP components

### General Information

		Critical part 1	Critical part 2	Critical part 3			
1.0	Are these components already nominated by the OEM / customer for the above mentioned project ?						
2.0	Do serial tools and serial production equipment exist for all these components ?						
2.1	<b>If yes,</b>						
2.1.1	Who is the owner of the tools ?						
2.2	<b>If no,</b>						
2.2.1	Have the serial tools already been ordered ?						
2.2.2	<b>Please let us have the following information:</b>						
	First off tool parts available at (date)						
	Planned customer release (date)						
	PPAP possible at (date)						
2.3	Do prototype tools or any other single cavity tools exist ?						
3.0	Are any changes intended for the production tools ?						
3.1	When will these changes be implemented ?						
3.2	Will the changes impact the serial deliveries ?						
4.0	Is there any relocation of tools planned ?						
4.1	If yes, where to ?						
4.2	If yes, when ?						
5.0	Are there any critical subcontractors or semi-finished goods ?						
6.0	Are there any other problems or obstacles that could affect the supply of these components negatively ?						
7.0	Further comments						

**SPQ**  
**Supplier Project Questionnaire**  
**COP-Parts**



Project	
Production Plant K&S	
Supplier	
VFF	
PVS	
0-Serie	
SOP Kroschu	

A part is critical if

- there are quality problems
- the part is EOL
- the tool is broken
- severe changes are planned
- any relocation is planned

#### Overview Components

Ident	Description	OEM Part number	Supplier Part number	Critical yes /no	Are these components platform parts? Yes/no
10707	HALTERCLIP	N 108 095.01	230 941.000		
10766	HALTERCLIP	N 108 096.01	230 942.000		

**If there are any critical components in this list please answer the questions below in detail !**  
**If there are no critical parts please let us have a short confirmation.**



## 14.4. Overview of customer requirements

Customer requirements	
<p>The supplier is responsible for fulfilling all requirements in the supply and process chain. For this purpose, he must inform his suppliers and ensure that the requirements (including customer-specific requirements) are known, understood and implemented. Further customer-specific requirements provided separately by the customer or communicated by the customer must also be bindingly taken into account by suppliers. Among others, the following documents are defined as customer requirements:</p>	
VW	<p>By submitting an offer, you confirm that you comply with the requirements of Formula Q and its other applicable documents. We assume that you have access to the OEM platform and that you always have the latest version. If you do not have access, please contact us.</p>
DAG	<p>By submitting an offer, you confirm that you comply with the requirements of the Mercedes Benz Special Terms (MBST) and their other applicable documents as well as MBN 10448. We assume that you have access to the OEM platform and therefore always have the latest version available to you. If you do not have access, please contact us.</p>
Audi	<p>By submitting an offer, you confirm that you comply with the requirements of Formula Q as well as the AUDI Q specification and its accompanying documents. We assume that you have access to the OEM platform and that you always have the latest version. If you do not have access, please contact us.</p>
Porsche	<p>By submitting a quotation, you confirm that you comply with the requirements of formula Q and its applicable documents, the QMV and the guidelines for subrogation/recovery processing for suppliers. We assume that you have access to the OEM platform and that you always have the latest version. If you do not have access, please contact us.</p>
Skoda	<p>By submitting an offer, you confirm that you comply with the requirements of Formula Q and its applicable documents as well as the Q specification of Skoda Auto a.s.. We assume that you have access to the OEM platform and that you always have the latest version. If you do not have access, please contact us.</p>
BMW	<p>By submitting an offer, you confirm that you comply with the requirements of the "QM Purchased Parts" and its accompanying documents as well as the "BMW Group Standards" (GS90222, GS90034 and GS90036). We assume that you have access to the OEM platform and that you always have the latest version. If you do not have access, please contact us.</p>

## 14.5. Overview of location abbreviations

### Plants Worldwide

Locations Germany	
KSAb	Abensberg
KSIn	GVZ Ingolstadt
KSDu	Düsseldorf
KSLC	Renningen Logistik
KSLu	Ludwigsfelde / Berlin
KSRe	Renningen
KSRh	Rhede, Cable & Wire
KSRI	Rinteln
KSWo	Wolfsburg
KSWu	Wuppertal - Cable & Wire

Locations Europe	
KSA	Austria, Oberpullendorf
KSCH-Do	Switzerland, Domdidier
KSCH-Ko	Switzerland, Könitz
KSCH-St	Switzerland, Steinhausen
KSCZ	Czech Republic, Pilsen
KSE-Pa	Spain, Pamplona
KSE-Vi	Spain, Vitoria
KSE-Ma	Spain, Martorell
KSH	Hungary, Köszeg
KSTD	Hungary, Lebeny
KSMK-Bt	Macedonia, Bitola
KSMK-Sk	Macedonia, Skopje
KSRO-Me	Romania, Medias
KRSO-Na	Romania, Nadab
KSRO-Si	Romania, Sibiu
KSRO-Ti	Rumania, Tmisoara
KSSR-Kr	Serbia, Krusevac
KSSK	Slovakia, Kolarovo
KSUK	United Kingdom, Oxford
KSUA-Lu	Ukraine, Lutsk
KSUA-Zy	Ukraine, Zhytomyr

Locations outside Europe	
KSRA	Argentina, Pilar
KSRA-LC	Argentina, Logistik
KSRB	Botswana, Gaborone
KSBR-IT	Brasil, Itatiba
KSBR-OI	Brasil, Oliveira
KSBR-Ma	Brasil, Mafra
KSBR-Re	Brasil, Resende
KSCN-Ta	China, Taicang
KSD-Ch	China, Changchun (Joint Venture)
KSD-Cu	China, Chengdu (Joint Venture)
KSD-Ji	China, Jiangmen (Joint Venture)
KSD-Ti	China, Tianjin (Joint Venture)
KSK-An	China, Anshan (Joint Venture)
KSK-La	China, Lai An (Joint Venture)
KSK-Pi	China, Pinghu (Joint Venture)
KSMA-Ke	Morocco, Kenitra
KSMX-Ir	Mexico, Irapuato
KSMX-Le	Mexico, Leon
KSPY-As	Paraguay, Asuncion
KSSE	South africa, Uitenhage
KSSB	South africa, Brits
KSSC	South africa Brits - Cable & Wire
KSME-Du	United arab emirates, Dubai
KSME-Fu	United arab emirates, Fuhairah
KSTN-Be	Tunesia, Beja
KSTN-Tu	Tunesia, Tunis

## 14.6. Information security policy for suppliers

# INFORMATION SECURITY POLICY FOR SUPPLIERS



## Foreword

The core business of Kromberg & Schubert (hereinafter referred to as Kroschu) is the development and production of complex wiring systems for the automotive industry at over 40 international locations. In addition to the production of special cables, the company's range of services today also includes plastics technology.

The committed interaction of development, production and quality management has top priority at Kromberg & Schubert in order to implement every solution perfectly.

Information is an essential asset for our company, our customers and our business partners and must therefore be adequately protected. Work and business processes are increasingly based on IT-supported solutions and connections.

The security and reliability of information and communication technology is therefore becoming increasingly important.

Kroschu is certified according to TISAX. In order to ensure compliance with the standard also in cooperation with suppliers and their subcontractors, the following information security requirements are to be observed as a minimum requirement for suppliers.

With this guideline, basic regulations for ensuring information security within the business relationship between Kroschu and suppliers are agreed upon. It serves to maintain the confidentiality, integrity and availability of Kroschu's information and systems.

## 1. Scope

The following areas of application are explicitly affected by the regulations of this guideline:

- Engineering offices and suppliers for concept studies / design for new developments
- Suppliers from the mechanical engineering sector if a special customized machine is to be ordered
- Suppliers for prototypes, which takes over the production and development of innovative new developments → Components, which are not yet available on the market, even in a similar version.

## 2. Use of Kroschu IT systems

The use of Kroschu's IT devices and data by employees of external suppliers requires the express consent of the responsible department. This department has the right to prevent the use at any time (e.g. in case of suspected misuse). Kroschu may prohibit the bringing of portable IT systems, cell phones, cameras, etc. or restrict them to certain areas.

The circle of authorized employees of the external supplier must be defined by name and must be kept as narrow as possible according to the "need-to-know" principle. Employees of the external supplier who gain access to Kroschu IT systems must be obligated in writing to comply with the applicable relevant laws, regulations, internal rules and the non-disclosure agreement.

This applies accordingly to employees of subcontractors.

The disclosure of information to third parties is expressly prohibited unless Kroschu expressly consents to this process.

### **Performing IT support:**

The work performed must be documented (scope, result, time). Work concerning the operating system or system-related software may only be carried out by the external supplier in accordance with instructions.

### **3. Handling of Kroschu internal data**

When Kroschu internal data is transferred and/or processed by the external supplier, the following points must be strictly observed:

- Kroschu internal data must be protected against any misuse and data theft, e.g. by malware. If malware is suspected, the affected devices and data carriers may no longer be used.
- The data provided by Kroschu must be secured by backup backups.
- No data or information from other customers not belonging to Kroschu may be processed on the IT equipment provided by Kroschu.
- Kroschu's data shall be separated from other customer data of the external supplier according to the rules of client separation.
- Data carriers are to be secured against loss, destruction and confusion as well as against access by unauthorized persons. Data that is no longer required must be disposed of securely.
- Care must be taken to ensure that all conversations involving sensitive information, including telephone conversations, cannot be overheard by unauthorized persons.
- When transporting data carriers or devices containing data carriers, care must be taken to ensure that all necessary and appropriate precautions are taken (e.g., encryption) to protect information from being viewed, modified or deleted by unauthorized persons.

#### **4. Use of Kroschu IT equipment and software**

The equipment provided must be handled properly and protected from loss or unauthorized modification. Devices provided by Kroschu (e.g. laptops, cell phones) may only be removed from the respective premises with Kroschu's permission. Any loss of the devices must be reported immediately.

An email account may be set up within the Kroschu domain to facilitate order-related communication. The use of the internal e-mail service is permitted exclusively in connection with the order. Likewise, the forwarding of e-mails to external recipients is only permitted in connection with the order. Automatic forwarding of e-mails to external mailboxes is expressly prohibited.

#### **5. Information classification**

Within the scope of information classification (with regard to confidentiality), the possible effects (potential damages) for Kroschu are evaluated in the event that information is unintentionally disclosed to an unauthorized group of recipients.

The Supplier shall ensure by means of an appropriate rights concept that the information transmitted by Kroschu is protected. Kroschu reserves the right to request the appropriate concepts from the supplier and to check for compliance.

#### **6. Data protection for external operation of IT infrastructure**

If the IT infrastructure (e.g. networks, servers) and/or cloud solutions are operated externally, it must be ensured that:

- external administrators do not have access to the content of the data and
- the requirements for encryption in accordance with VDA ISA Control 10.1 (Cryptography)

are complied with (reference to ISO 27002:Control 10.1.1)

#### **7. Reporting of information security-relevant processes**

The Supplier undertakes to establish and maintain a procedure to ensure traceability in the event of information security events according to criticality levels.

Occurring information security relevant events are to be reported to Kroschu immediately at the following email address:

**[informationsecurity@ksab.kroschu.com](mailto:informationsecurity@ksab.kroschu.com)**

Rev.	Date	Creator	Revisor	Changes	Release
00	August 2015	A.Hoffmann	A.Kopp		August 2015 A.Hoffmann
01	Mai 2020	M.Winkler	S. Feilmeier, D. Balke, H. Bauer		Mai 2020 A. Kopp
02	08.03.2021		M. Winkler		08.03.2021
03	09.06.2021		M. Winkler, V. Könnner		09.06.2021
04	23.02.2022		M. Winkler, D. Balke		23.02.2022
05	07.09.2022		M. Winkler / D. Balke		07.09.2022
06	22.11.2022		A. Damian / D. Balke / M. Winkler		22.11.2022
07	26.07.2023		K. Schuster	5.4 Production safety officer 7. Claim Management	26.07.2023 M. Winkler, D. Balke
08	18.10.2023		k.Schuster	Minor error correction	18.10.2023
09	09.11.2023	K. Schuster	M. Winkler	General Terms and Conditions	09.11.2023
10	20.09.2024	K. Schuster	M. Winkler	Small Changes	20.09.2024
11	06.11.2025	V. Sergl	M. Winkler	Cover page updated; Disclaimer added; Locations updated	06.11.2025
12	19.2.2026	S. Reichl	M. Winkler	Added ISO9001 als alternative for direct material, changed link to Manual/PTC	19.02.2026

## 15. General Terms and Conditions

### General Purchasing Terms and Conditions of Kromberg & Schubert GmbH & Co. KG (production materials)

Revision: 10/2023

#### 1. Scope of application

(1) These General Terms and Conditions (T&C) apply to all contracts pertaining to the supply of production materials, i.e. goods utilised in a KROSCHU product ("object of contract") which are concluded by Kromberg & Schubert GmbH & Co. KG and their affiliated companies (hereinafter "KROSCHU") with their suppliers or other contractors (hereinafter collectively "SUPPLIER"). Affiliated companies are any and all companies that, in their relationship inter se, are companies in which a majority ownership interest is held and companies which hold a majority of the ownership interest, controlled and controlling companies, companies under common management by one controlling company and cross-shareholding companies. The T&C shall still apply even if they are not mentioned in subsequent contracts. They shall likewise still apply if the SUPPLIER is required to manufacture or produce the object of contract and deliver it to KROSCHU due to a contractual agreement with a third party.

(2) The T&C must be observed by all companies affiliated with the SUPPLIER, to the extent that they are involved in the purchasing transaction. The contracting party on the KROSCHU end is the company placing the order.

(3) All offers, agreements, supplies and services shall only occur on the basis of and in accordance with the following conditions. Differing conditions, in particular purchasing conditions of the SUPPLIER, shall only be binding if confirmed by KROSCHU. If two confirmation notifications having divergent terms and conditions should coincide, that of KROSCHU shall be considered valid.

(4) All agreements and orders must be made in writing in order to be binding. No verbal subsidiary agreements have been concluded. Proof to the contrary is not excluded.

(5) If any special contracts are concluded, e.g. non-disclosure agreement, development contract, tool contract, etc., they shall take precedence.

## **2. Contract conclusion and amendments**

Contracts, orders and call-offs as well as statements pertaining thereto must be made in writing; call-offs can also be made by remote data transmission. Orders and call-offs shall be considered confirmed insofar as the order or call-off is not declined in writing within 1 (one) working day of receipt. In case of doubt as to the explanatory power, a contract shall be concluded by no later than the start of delivery.

## **3. Prices and payment terms**

(1) All agreed prices are fixed prices, unless otherwise expressly agreed. The applicable sales and/or value added tax is not included in the prices. Transport, freight, loading and packing costs must be indicated separately. Except with prior explicit approval from KROSCHU, the SUPPLIER is not authorised to modify prices or charge any additional costs of any kind. If the price is agreed "ex works" or "ex warehouse", then KROSCHU shall use an authorised carrier. All costs incurred up to the point of handover to the carrier, including loading but excluding cartage, shall be borne by the SUPPLIER. Insofar as the SUPPLIER is bound by a packaging regulation to take back the used packaging, it shall bear all costs incurred in conjunction with this. The type of pricing shall not affect the agreement on the place of performance.

(2) In case of incorrect or incomplete delivery, KROSCHU is entitled to withhold payment in proportion to the value until correct and complete delivery is made.

(3) The SUPPLIER is only entitled to compensation if its claims are undisputed, established with legal effect or ripe for adjudication.

## **4. Deliveries, retention of title and transfer of risk**

(1) Deliveries shall be made according to the latest versions of the agreed Incoterms. Partial deliveries are excluded unless otherwise expressly agreed. If individual logistics agreements are concluded, they shall take precedence.

(2) Every shipment must include a packing slip indicating the order number, the precise product designation and, if known, KROSCHU's in-house material number. In addition, every package unit must have a label in compliance with the requirements of the applicable VDA guidelines. For every shipment, a dispatch notice, indicating the date, order number and the net and gross weights, must be issued and sent by email on the day of dispatch.

(3) All agreed delivery schedules and terms are binding. Delivery shall be considered completed upon receipt of the goods at the place of performance. If DDP delivery terms are not agreed, then the SUPPLIER must deliver the goods in good time, in accordance with the usual time for loading and dispatch. In case of any delay, the SUPPLIER must notify KROSCHU immediately of the reason and duration of the expected delay.

(4) In case of delayed delivery, the SUPPLIER shall be liable to compensate KROSCHU for damage caused by delay. Acceptance without reservation of the late delivery on the part of KROSCHU shall not constitute a waiver of claims for compensation.

(5) Retentions of title by the SUPPLIER going beyond ordinary retention of title are excluded. In all instances, KROSCHU shall be entitled to resell the item of delivery in line with regular business operations. If the SUPPLIER has retained title in the items of delivery, then this retention of title shall be valid only until payment for the items of delivery, to the extent that KROSCHU has not already become owner of the items of delivery by processing, connecting or combining these items with others.

## **5. Quality and claims for defects**

(1) The SUPPLIER must comply with the generally accepted technical standards, safety regulations and agreed technical specifications in the development and production of the object of contract. The SUPPLIER shall take provision that the statutory requirements are met. This shall apply in particular to the expected (final) place of use, to the extent that it is known to the SUPPLIER. Except when otherwise stipulated, the SUPPLIER must maintain certification as per IATF 16949. Compliance with DIN ISO 9001 shall be binding for the SUPPLIER as the minimum standard. In addition, the requirements indicated by KROSCHU and, in particular, the car manufacturer requirements known to the SUPPLIER. Any changes to the object of contract as compared to previous orders of the same type, particularly with regard to the composition of the processed material or in the design of the goods, must be indicated to KROSCHU before the start of production. Such changes are subject to prior written consent from KROSCHU. The goods delivered by the SUPPLIER must, in all instances, comply with the car manufacturer requirements known to the SUPPLIER. If a separate contract is concluded for quality assurance, it shall take precedence.

(2) The SUPPLIER undertakes to thoroughly check the goods for defects before delivering them. In particular, the SUPPLIER is required to check whether the goods it is about to deliver are free from defects in accordance with the contractual standards of quality and are suitable for typical use (e.g. installation or processing typical for the product). In line with the goods outgoing inspection, the SUPPLIER must implement a certified quality management system (QM system) and provide proof of this if requested by KROSCHU. The SUPPLIER is required to enable quality audits by KROSCHU or a third party contracted by KROSCHU, potentially with the participation of the car manufacturer, in order to assess the effectiveness of its QM system.

(3) The obligations to inspect and notify of defects as defined in § 377 of the German Commercial Code shall apply. In case of a defect which could not be identified in the industry-typical inspection of the delivered goods (§ 377 Abs. 3 HGB), KROSCHU shall be entitled to notify the SUPPLIER of the defect within 14 days of its subsequent discovery.

(4) In all countries except for the USA, Canada and Puerto Rico, the warranty period is 48 (forty-eight) months, and in den USA, Canada and Puerto Rico, it is 60 (sixty) months. The warranty period begins with the initial vehicle registration or spare part installation. After a given defect

has been eliminated, the warranty period shall start over again, unless the SUPPLIER was not obligated to eliminate the defect; this suspension of the statute of limitations shall end no later than 5 (five) years after the goods are delivered to KROSCHU.

(5) The SUPPLIER shall transfer all defect, warranty, guarantee and damage claims against its own (sub-)suppliers to KROSCHU for processing. KROSCHU shall accept this transfer upon conclusion of the contract with the SUPPLIER. The SUPPLIER shall retain the right, however, to assert the aforementioned claims against its suppliers until such time as they may be revoked by KROSCHU.

## **6. Liability, insurance**

(1) Unless agreed otherwise, the SUPPLIER shall be liable for all of KROSCHU's payables, damages, costs, expenses (including court fees and legal costs) and losses resulting from the delivery of a defective object of contract or other breach of seller's duties. To the extent that the applicable legal provisions require culpability for liability, these legal requirements shall remain unaffected.

If the goods delivered by the SUPPLIER are processed by KROSCHU in accordance with their normal usage and if, due to the goods being defective, a third party requires KROSCHU to remove and re-install the goods, manufacture new goods or cover the costs of removing and re-installing the goods (as well as any potential disposal and transport costs) or manufacturing new ones, then the SUPPLIER shall be obligated to indemnify KROSCHU of the resulting costs. The SUPPLIER may elect to demonstrate that the defect claimed was not yet present before the risk was transferred to KROSCHU. This shall not affect any further rights and claims of KROSCHU or the right and the obligation of the SUPPLIER to rectify the defective goods supplied by them.

(3) In view of its work and the risks inherent in the object of contract, the SUPPLIER must obtain, maintain and, upon request, provide proof of adequate global insurance coverage, as typical in the automotive industry, (in particular, commercial general liability, product liability and recall insurance) with regard to its obligations, including the relevant contract.

## **7. Patent rights/trade secrets**

(1) The SUPPLIER vouches that no third party patents, copyrights or other intellectual property rights are violated by its supplies and the exploitation thereof by KROSCHU. It exempts KROSCHU and KROSCHU's buyers of all claims based on the use of all intellectual property rights. This does not apply insofar as the SUPPLIER produced the object of contract according to drawings, tools, samples, models, brands, templates, recipes or similar ("production aids") provided by KROSCHU and does not know or did not necessarily know, in connection with the products developed by it, that patent rights would be violated as a result.

(2) The SUPPLIER is required to treat KROSCHU's order and all commercial and technical details pertaining thereto as trade secrets. The production aids provided to the SUPPLIER by KROSCHU shall remain the exclusive property of KROSCHU and may not be transmitted to third parties except with explicit prior written consent from KROSCHU. They must be clearly marked as property of KROSCHU, stored safely and replaced if lost or damaged while in the SUPPLIER's custody. The SUPPLIER must return the production aids to KROSCHU immediately upon completion of the order without being specifically asked to do so. Products manufactured and/or decorated with such production aids may only be delivered to third parties with explicit prior written consent from KROSCHU. Sub-suppliers must likewise be required to comply with this.

## **8. Ethical standards/code of conduct**

KROSCHU is conscious of its social responsibility in all its business operations and believes in upholding the tenets of the United Nations Global Compact Initiative ([www.unglobalcompact.org](http://www.unglobalcompact.org)) as well as the Declaration on Fundamental Principles and Rights at Work ([www.ilo.org/declaration](http://www.ilo.org/declaration)). KROSCHU expects its suppliers to likewise keep their conduct law-abiding, socially and ethically correct by complying with the minimum standards stipulated in the aforementioned policy statements.

The specific requirements KROSCHU has for its suppliers and service providers are defined in the Supplier Code of Conduct.

The SUPPLIER shall likewise contractually obligate its suppliers and service providers to comply with the aforementioned minimum standards and the contents of the KROSCHU Supplier Code of Conduct.

## **9. Jurisdiction clause and severability clause**

(1) Within the framework of what is legally permissible, any disputes arising from the concluded agreement or in conjunction therewith, – including the effectiveness of this contract itself – shall be arbitrated exclusively by the designated courts in Stuttgart, Germany. Alternatively, however, KROSCHU reserves the right to make claims against SUPPLIER in their legal domicile if KROSCHU chooses to do so.

(2) All reciprocal claims and rights derived from or in conjunction with the concluded contract shall be governed exclusively by German law (in particular, the German Civil Code and German Commercial Code) to the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG) and of the referral provisions under German international private law.

(3) The business relationship between the SUPPLIER and KROSCHU is subject exclusively to the validity of these T&C. The right to provide proof of contradictory agreements shall remain unaffected. Divergent, conflicting or supplementary general terms and conditions are not part of this contract, unless their validity is explicitly agreed to in writing.

(4) Should one or more provisions of this contract be or become ineffective, the effectiveness of the remaining provision of this contract shall not be affected as a result. The contract parties shall then be required to replace the ineffective provision with an effective provision which best approximates the commercial intent of the contract parties in stipulating the ineffective provision.

## **10. General provisions**

Any transfer of rights and obligations of the SUPPLIER derived from the contract concluded with KROSCHU shall only be effective with written approval by KROSCHU. § 354a HGB (German Commercial Code) remains unaffected.

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