

## 1. Introduction

We strive to achieve a lasting partnership with our suppliers.

We expect the following from our suppliers:

- Fair prices
- Quality
- Adherence to deadlines
- Adherence to quantities
- Flexibility
- Good communication
- Solutions to problems through know-how, creativity and service.

The supplier is completely responsible for the quality of all services and products supplied as well as their design in accordance with existing requirements.

The supplier guarantees this via controlled processes and corresponding checks and if necessary provides proof of adherence to technical regulations.

When ordering we can refer to technical regulations which can also contain corresponding quality characteristics.

These include, for example:

- Drawings
- Order instructions
- References to applicable norms
- Specifications and quality guidelines

The supplier must be associated with the exchange service for technical regulations that are relevant for his products and services. The supplier must also ensure that he manufactures within relevant technical and legal regulations at all times.

Over and above this, the quality guidelines of Schunk Sintermetalltechnik GmbH, hereafter referred to as SST, contain demands that are placed on the quality management of the supplier.

## 2. Quality Management System

The manufacture of products with consistent high quality requires an effective quality management program.

The following certifications are recommended for the establishment of a quality management system:

- DIN 55 350. Part 11
- DGQ, Series 12
- VDA, Series
- QS 9000
- DIN EN ISO 9001:2000
- ISO/TS 16949:2002

The quality management system of the supplier is to be described in a quality manual.

Preferably, the quality management documentation should be adapted to the relevant standards (see above).

SST endeavours to only work with suppliers who have at least ISO 9001:2000 certification.

We expect our suppliers to constantly develop their management system further.

We assume that there is sufficient qualified staff to provide the required services and products.

### **3. Obligation to Inform**

In cases where production methods or testing methods are changed, or if production is out-sourced or relocated, the supplier is obliged to inform SST. Deliveries may only be carried out after SST has been informed and has given its consent to the specifications.

### **4. Samples**

The supplier is to carry out initial sample tests on the basis of VDA or QS 9000 (PPAP).

Reasons for initial samples are:

- new part
- new supplier
- altered specifications
- altered production conditions
- new production location
- Requalification according ISO/TS after prior consultation with SST
- long break in production (> 3 years)

The samples must be produced under serial production conditions. The test results are to be itemized in accordance with technical regulations. The test statistics are to be listed under the same number as in the initial sample test, in correspondence with the accompanying documents.

Upon request, the supplier is to evidence the preliminary process-capability (minimum target ppk > 1.67) with the presentation of an initial sample for determined characteristics.

The shipment of the sample is to be clearly designated with "Initial sample".

SST will notify as to the results of the initial sample and approve serial production if satisfactory. Deviations from the specifications are to be clarified with SST prior to sample production.

### **5. Incoming Goods Inspection at Schunk Sintermetalltechnik GmbH**

The supplier is to conduct his tests in such a manner that technical inspections of incoming goods at SST are not necessary.

SST will conduct inspections to check for transit or packaging damage as well as to verify the correctness of the quantity. As a rule, further inspections will not be carried out.

If however, incoming goods inspections are carried out, then they will be conducted in accordance with the "skip lot" principle.

The extent of this inspection will be determined in consideration of further processing

and functioning.

If faulty parts are discovered, the supplier will receive a complaint in the form of a test report, if necessary with samples.

The approval of deliveries by the Incoming Goods Department does not release the supplier from responsibility for the functioning and reliability of his products in accordance with technical specifications and general technical rules.

Deficits, which are discovered during processing at SST or at the customer, shall also result in an official complaint.

When complaints are voiced, the supplier is to determine the cause and find a permanent solution to the problem. The results of the investigation are to be published in an 8-D-report and reported to SST. Deadlines shall be fixed by the Purchasing Department at SST.

If the supplier is not able to correct the fault by the next delivery, then the Purchasing and Quality Management Departments at SST are to be immediately notified, and all further deliveries are to be suspended until further notice from SST.

Products containing approved deviations are to be delivered separately to SST and the accompanying paperwork must give appropriate notice of such deviations.

## **6. Quality Assurance in Series**

### **6.1 Process-Capability**

In order to assure reproducibility, the applied processes should be capable (minimum CPk > 1.33). In the case of insufficient process-capability or special requirements, 100% testing must be carried out.

The supplier is to demonstrate the process-capability using statistical methods. Upon request, the supplier is to identify deliveries originating from the same mode of production, using batch numbers.

### **6.2 Certificates**

Upon request, the supplier shall provide certificates (e.g. works test certificates in accordance with EN 10204/DIN 50 049-3.1) and enclose these in deliveries. This applies to tests that the supplier or its suppliers have conducted.

### **6.3 Testing Equipment**

The testing equipment must be capable of testing the specified quality characteristics set forth in the technical documents.

In the case of special testing equipment, it is recommended to consult the customer, so that identical systems can be used. The supplier is responsible for ensuring that testing equipment is capable of measuring and evaluating the specified characteristics.

Additionally, this system must guarantee the designation, documentation and testing cycles of the testing equipment.

### **6.4 Deviation**

If deviations have been discovered on a product, the supplier can apply for approval of such deviations by the Quality Manager of SST, by submitting a convincing report/documents.

If such approval is granted, it will, as a rule, be limited to a specified number of products or for a limited period of time. All deliveries containing products with deviation approvals are to be clearly identified as such by corresponding comment in the accompanying documents.

The cause of the deviation must be determined as soon as possible and corrective actions must be taken and their effectiveness monitored.

## **6.5 Shipping**

The supplier is to choose such packaging material, so as to prevent transit and corrosion damage from occurring.

Reusable or recyclable packaging is to be used whenever possible.

Special packaging instructions can be found in the order.

Each packaging unit is to be provided with a label which is visible from the outside and which identifies the material number and the quantity. Additional specifications, such as batch number, production date or test comments, will be separately requested in the orders if necessary.

## **7. Documentation**

The supplier is to keep records, which can provide evidence all actual quality assurance measures which were taken from the receipt of an order to the delivery of the respective finished goods. Such records are to be archived for a period of at least 5 years.

In the case of parts requiring documentation, the supplier is required to provide such documentation. This is to be done on the basis of VDA "Documentation". Such records are to be archived for a period of at least 15 years.

The documentation must be designed in such a manner as to allow the proof of the level of care and diligence if necessary. (Exculpatory evidence).

## **8. Supplier Evaluations**

SST reserves the right to carry out supplier evaluations on the basis of VDA and/or other criteria. Evaluations are carried out on the basis of goods received and possible defects / faults. Criteria are quality, adherence to quantity and adherence to deadlines.

The supplier will be regularly informed as to the results of such evaluations.

Furthermore, SST reserves the right to carry out supplier audits after previous arrangement with the supplier. The supplier shall provide qualified personnel for such audits.

## **9. Obligation to Maintain Secrecy and Agreement Concerning Industrial Property Rights**

In the course of negotiations and informative dialogues which are conducted with SST for the purpose of achieving cooperation or delivery agreements, the supplier will receive access to business secrets of SST.

The supplier hereby undertakes, where such undertaking shall remain legally valid and binding for the supplier's legal successor as well, to use all information which it receives from SST, regardless of how it obtains such information, such as pertaining to equipment and machines and production methods used by SST, raw materials, work-in-progress,

manufacturing supplies and finished products, plans, drawings, know-how and other documents, only within the framework of such aforementioned agreements, and to not give access to such information to any third parties. The only exceptions hereto shall be information and documents, which are customarily issued to customers within the course of offers and orders.

Furthermore, the supplier undertakes to neither utilize such information itself, regardless of the nature of the information, nor to allow the utilization of such information by third parties, without the express written consent of SST.

The obligations to maintain secrecy and pertaining to the utilization of information shall also remain effective after the completion of the aforementioned agreements, or in the case that such agreements not be finalized, unless SST gives its express written consent that such information documents etc. may be made accessible to certain third parties, public authorities or companies.

The supplier furthermore undertakes to ensure that all persons at its company that have or could have access to the aforementioned information, regardless of the nature of such information, shall be subject to the obligations regarding secrecy and utilization.

Finally, the supplier assumes the liability that SST shall not infringe upon the patent or industrial property rights of third parties, domestically or abroad, by selling, using or installing as components, any of the products delivered by the supplier. The supplier shall indemnify SST for any claims for damages which SST may incur through such activities.

## **10. General Purchasing Conditions**

The General Purchasing Conditions of Schunk Sintermetalltechnik GmbH, which can be viewed at <http://www.sintermetalltechnik.com>, shall apply to complaints, guarantees and product liability.