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		Prepared by: Bauer	Approved by: Krohn
KAG_N3006	<u>Company Standard</u>	Edition: 01	Date: 2017-10-02

Edition	Date	Author	Reason of change
00	2017-09-21	Maximilian Bauer	Initial state
01	2017-10-02	Maximilian Bauer	Addition of legal requirements section
02	2017-11-17	Maximilian Bauer	Minor updates

Specific abbreviations		
KG	➔	KATHREIN Automotive GmbH
KAG	➔	KATHREIN Automotive Group
CS	➔	Company Standard (KAG)
N	➔	Norm
DG	➔	Design Guidelines
MD	➔	Mechanical Design
APT	➔	(KATHREIN) Automotive Portugal
AHI	➔	(KATHREIN) Automotive Hildesheim
ARO	➔	(KATHREIN) Automotive Rosenheim
ACN	➔	(KATHREIN) Automotive China
AMX	➔	(KATHREIN) Automotive Mexico
ABR	➔	(KATHREIN) Automotive Brazil
AUS	➔	(KATHREIN) Automotive USA

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1. Scope

All norms and standards and Documents are valid in the version of the first creation date, if nothing else is defined in written form.

2. General Specifications

This standard describes the general requirements for KAG suppliers for direct material. This standard should be a part of the RFQ Package and has to be confirmed by the supplier when sending the quotation.

Any deviations to this norm have to be highlighted by the supplier to KAG Purchasing department and have to be confirmed in written form by KAG.

3. General Requirements

3.1. Supplier ensures that all applicable requirements (including all applicable statutory and regulatory requirements, customer specific requirements, and company standards) are cascaded down the supply chain to the point of manufacture and are applied

3.2. Compliance with KAG Company Standards

3.2.1. Compliance with KAG CS MD N3000 (Substances of Concern)

3.2.1.1. This specifically includes that supplier is registered participant of the IMDS System and has to share the complete material ingredients of each KAG part number supplied to KAG

3.2.2. Compliance with material group related Company Standards, as applicable

3.2.3. Compliance with KAG CS MD 3004 (Marking of Parts), as applicable

3.2.4. Company Standards are available on KAG website

3.2.5. Passwords for the Company Standards are available from KAG Purchasing authority

3.2.6. Supplier is responsible for regularly checking the KAG website for updates of the KAG Company Standards

3.3. English is the business language

3.3.1. English is the standard company language at KAG and supplier has to be able to communicate accordingly

3.3.2. English is to be used in all documents (e.g. quotation, data sheet, PPAP test reports, contracts, etc.)

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3.4. Support

- 3.4.1. Project Manager, as well as Quality, Engineering and Logistics contact persons assigned by supplier need to be communicated to KAG after nomination
 - 3.4.1.1. For electronic parts, Sales and Technical Support contact persons are sufficient
 - 3.4.1.2. In case if change of contact persons, KAG has to be informed timely
- 3.4.2. Willingness and capability to support high and low volume projects
- 3.4.3. Supplier guarantees parts supply (and raw material availability) over complete KAG product lifetime
- 3.4.4. Supplier guarantees spare parts supply after end of KAG production, according to OEM requirements (at least 15 years)
- 3.4.5. Supplier guarantees storage time of documents of 35 years
- 3.4.6. Sub-supplier Control
 - 3.4.6.1. Each KATHREIN Automotive supplier is responsible for the control of its suppliers.
 - 3.4.6.2. KATHREIN Automotive reserves the right to verify compliance of sub-suppliers including site visits of the sub-suppliers.
 - 3.4.6.3. KATHREIN Automotive suppliers must require their suppliers to conform to the requirements specified in specification including implementation and documentation of controls.

4. Requirements for new suppliers

4.1. Acceptance of supplier release process to the KAG Approved Vendors List, including the following:

- 4.1.1. Supplier to complete New Supplier Questionnaire (KAG template)
- 4.1.2. Supplier to complete New Supplier Potential Analysis (KAG template, according to VDA 6.3)
- 4.1.3. New Supplier Audit performed by KAG
- 4.1.4. Items mentioned under "Contracts and Certifications" below

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5. Contracts and Certifications

5.1. Contracts to be signed:

- 5.1.1. Corporate Responsibility
- 5.1.2. NDA
- 5.1.3. Corporate Agreement
- 5.1.4. Quality Agreement & Addenda
- 5.1.5. PPM Agreement
- 5.1.6. Logistics Agreement
- 5.1.7. Commercial Agreement
- 5.1.8. Tooling Contract of Loan (if applicable)

5.2. Certifications (to be provided to KAG):

- 5.2.1. IATF 16949 (replacing ISO/TS 16949), for manufacturers
- 5.2.2. ISO 9001
- 5.2.3. Preferably ISO 14001

6. Legal Requirements

6.1. Compliance with all Statutory and Regulatory Requirements that may be applicable

- 6.1.1. This includes the consideration of the markets for the end products

7. Quality Requirements

7.1. Compliance with Global standard automotive requirements defined by the car manufacturers (OEMs):

7.1.1. Refer to the Automotive Industry standards:

- 7.1.1.1. IATF (International Automotive Task Force)
- 7.1.1.2. VDA (Verband der Automobilindustrie)
- 7.1.1.3. AIAG (Automotive Industry Action Group)
- 7.1.1.4. ANFIA (Associazione Nazionale Filiera Industria Automobilistica)
- 7.1.1.5. FIEV (French Vehicle Equipment Industry)
- 7.1.1.6. SMMT (Society of Motor Manufacturers & Traders)

7.1.2. OEM special requirements:

- 7.1.2.1. The relevant Specific Requirements (CSR) and Technical Requirements (CTR) have to be considered and fulfilled

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7.2. KAG Quality Requirements according to automotive standards:

- 7.2.1. Capability of PPAP documentation submission, in a format specified by KAG (only applicable for non-electronic components)
- 7.2.2. Preferably implemented Change Management tool
 - 7.2.2.1. Maximum reaction time for Changes: within 10 days (until new quotation) (only applicable for mechanical components)
- 7.2.3. Support of Annual Supplier Evaluation and Monthly Performance Ratings
 - 7.2.3.1. This specifically includes the creation and implementation of action plans as requested by KAG
- 7.2.4. Zero-defect policy including continuous improvement systematic
 - 7.2.4.1. For all suppliers of products, the quality objective “Zero Defect” is imperative. This means that all structures and processes within the quality management of the supplier shall be aligned in a way that deviations from guidelines are systematically avoided (zero-defect strategy). In case of quality defects, the supplier agrees to improvements with the appropriate Supplier Quality (SQ) organization of Kathrein Automotive.
- 7.2.5. Self-announcement by the supplier
 - 7.2.5.1. If the supplier determines that delivered products do not meet the agreed quality requirements, he shall report this immediately to the responsible Supplier Quality (SQ) organization of Kathrein Automotive.
- 7.2.6. Continuous production, process and quality control / improvement
- 7.2.7. Appliance of Quality Core Tools
- 7.2.8. Implementation of APQP systematic
- 7.2.9. Usage of VDA 8D-Report systematic
- 7.2.10. Performance of Annual Requalification Test
- 7.2.11. Technical Cleanliness in Assembly (VDA 19.1 / VDA 19.2)
- 7.2.12. Risk based analysis – Product and Process orientated
 - 7.2.12.1. This includes, at a minimum, lessons learned from product recalls, product audits, field returns and repairs, complaints, scrap, and rework.
 - 7.2.12.2. Evidence of risk analysis and results has to be documented.
- 7.2.13. Capability of Measurement Processes
- 7.2.14. Contingency plan

8. Commercial Requirements

8.1. Ability to provide formal quotations, including the following:

- 8.1.1. General Information
 - 8.1.1.1. Quotation No.
 - 8.1.1.2. Quotation Date
 - 8.1.1.3. Part Name / Description
 - 8.1.1.4. Kathrein Automotive Part No.
 - 8.1.1.5. Manufacturer's Code (only applicable for electronic components)

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8.1.1.6. Supplier Part No.

8.1.2. Part Specification

8.1.2.1. Material Specification (only applicable for mechanical components)

8.1.2.2. Material Processing (only applicable for mechanical components)

8.1.3. Commercial

8.1.3.1. Payment Terms

8.1.3.2. Annual Price Reduction

8.1.3.3. Parts Price

8.1.3.4. Raw Material Price (only applicable for mechanical components)

8.1.3.5. Tooling Price (only applicable for tooling)

8.1.3.6. Packaging Price

8.1.4. Logistics

8.1.4.1. Detailed Packaging specification

8.1.4.2. Parts origin & Production location

8.1.4.3. Incoterms

8.1.4.4. Lead time & Lead time breakdown

8.1.4.5. MOQ & Rounding value

8.1.5. Other

8.1.5.1. PPAP Level included in the offer & Quantity of free-of-charge PPAP samples (only applicable for mechanical components)

8.1.5.2. Quantity of free-of-charge FOT parts (only applicable for mechanical components)

8.1.5.3. Setup costs for additional unplanned parts/sample production (only applicable for mechanical components)

8.1.5.4. Other costs

8.2. Ability to provide the following documents together with quotation:

8.2.1. Material Data Sheet (only applicable for mechanical components)

8.2.2. Information for SBL List (only applicable for electronic components)

8.2.3. Hazard Data Sheet (if applicable)

8.2.4. Feasibility Study, in a format specified by KAG

8.2.5. Tooling Concept (if applicable)

8.3. Cost breakdowns:

8.3.1. Full open book calculation for parts supplied, in a format specified by KAG

8.3.2. Full open book calculation for toolings, in a format specified by KAG

8.4. Willingness to support full year price agreements

8.4.1. Preferably multi-year pricing agreements with annual price reductions agreed upfront

8.5. Active participation in cost down initiatives

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9. Logistics Requirements

9.1. Compliance with applicable KAG Logistics Manual

- 9.1.1. Logistics Manuals are available on KAG website
- 9.1.2. Passwords for the Logistics Manuals are available from KAG Purchasing authority
- 9.1.3. Supplier is responsible for regularly checking the KAG website for updates of the KAG Logistics Manuals

10.IT Requirements

10.1. EDI capability:

- 10.1.1. Call-offs via DELFOR
- 10.1.2. Documentation via DESADV
- 10.1.3. EDI Format EDIFACT
- 10.1.4. Communication protocol: OFTP2 (or FTP)

10.2. Capability for E-mail encryption

- 10.2.1. Preferably TLS/SSL (or TES / S-Mime / Open PGP)

11.Tooling Parts Requirements

11.1. Tool design and manufacturing locations

- 11.1.1. In-house tool design at supplier
- 11.1.2. Tool shop within range of 100km, preferably in-house tool shop

11.2. Supplier must provide DFM Analysis (if applicable) and Moldflow Analysis (if applicable) as well as 3D model of tool construction (STEP format)

11.3. Full open book calculation for toolings, in a format specified by KAG, as mentioned above

11.4. Signature of Tooling Contract of Loan, as mentioned above

11.5. FOT Parts Requirements

- 11.5.1. Dimension report to be provided together with FOT parts

11.6. Provide and continuously maintain tooling inventory list, in a format specified by KAG

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11.7. Support of KAG tooling parts progress tracking:

11.7.1. Bi-weekly status updates, from nomination until PPAP has been approved. These updates have to include at least the following:

11.7.1.1. Time schedule, incl.:

11.7.1.1.1. Date for first trial FOT parts

11.7.1.1.2. Expected arrival date of FOT parts at KAG

11.7.1.1.3. PPAP samples delivery date / Planned PPAP date

11.7.1.1.4. Planned approval date

11.7.1.2. Completion progress (completed milestones), i.e.:

11.7.1.2.1. Raw material sourcing

11.7.1.2.2. Processing

11.7.1.2.3. Assembly

11.7.1.2.4. FOT parts sent

11.7.1.2.5. PPAP sent

11.7.1.2.6. PPAP approved

11.7.1.3. Confirmation that tooling / FOT parts are on track, according to first confirmed delivery date. Supplier has to inform Kathrein Automotive in case of delay.

11.7.1.4. Latest confirmed delivery date / FOT parts date

11.7.1.5. Current photograph of tool