

<b>Code:</b>	<b>HR-EK-005</b>	Page 1 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

## Procedures/content

### 1. Purpose

These Suppliers' Rules specify the requirements that KARL HESS GmbH & Co. KG and our customers had set down with a view to ensuring the quality of the pre-production and series production articles with which it is provided by suppliers.

The objective is to give our suppliers comprehensive planning data and information about the management policy of KARL HESS GmbH & Co. KG and the resulting requirements as concerns quality, the environment, energy management, health and safety at work and food safety.

### 2. Scope

These Suppliers' Rules will apply to all suppliers who provide KARL HESS GmbH & Co. KG (referred to below as 'HESS') with products or materials, and they will form a constituent part of the relevant contractual agreement.

### 3. Management system

The supplier will be responsible for the perfect quality of the products it supplies. In order to discharge this responsibility, the supplier must maintain an appropriate management system (minimum prerequisite: ISO 9001; standard for automotive suppliers: ISO/TS16949).

Notably, this management system must incorporate organisational and technical procedures aimed at guaranteeing the **zero-error quality** of the product supplied to HESS. Moreover, the supplier ensures that the management system will also include arrangements aimed at guaranteeing compliance with the relevant requirements as concerns the environment, energy, health and safety at work and food safety, and at guaranteeing that products are supplied by the delivery dates in question, as well as the establishment of appropriate strategies in relation to the supplier's capacity to deliver in emergency situations.

### 4. Quality agreements

HESS reserves the right to lay down specific requirements and quality standards in a separate agreement with the supplier. Any departures from said requirements or quality standards that the supplier requests must be confirmed in writing.

### 5. Suppliers' audit

We reserve the right, following agreement, to conduct system, process and/or product audits. An audit can be conducted for the following reasons:

<b>Code:</b>	<b>HR-EK-005</b>	Page 2 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

- awarding of a contract to a new supplier
- general review of system, process or product, e.g. with regard to capability of meeting food safety requirements
- verification of relevant changes to the equipment or production sites or a management system
- continuing or continual negative quality level of the products supplied
- continually occurring supplier complaints
- negative supplier assessment
- irregularities in the area of environmental safety or health and safety at work
- irregularities in the area of food safety
- irregularities in the area of energy

The competent specialist departments will answer any questions that arise in relation to individual products and processes at HESS and the demands of the management system, and, upon request, they will lend support and assistance. However, responsibility for the quality of the products supplied will remain with the supplier.

## 6. Order documents

If required, the supplier will receive technical information and/or additional documents with the order. By verifying the order, it must ensure that all the information that is essential for production (specifications, quantities, deadlines etc.) is present, or, if necessary, is requested or agreed upon with HESS. Any departures from that which is prescribed in the order must be agreed by HESS in writing.

## 7. Contract verification

Using the documents that have been handed over to it, the supplier will verify that it is possible to manufacture the product. By accepting the contract, the supplier confirms that the material/product supplied can be used for the operational purpose intended by HESS, and thereby assumes full responsibility for the quality of the materials/product supplied.

Departures from the demands that have been laid down will only be permitted if they have been agreed in writing, and they will thus necessitate corresponding modification of the order documents.

## 8. Quality planning

In accordance with the relevant prescriptions, for relatively large projects and newly developed products, quality planning must be documented.

<b>Code:</b>	<b>HR-EK-005</b>	Page 3 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

## 9. Test planning/tests

Using systematically planned QM procedures, the supplier must ensure that all the products correspond to the order prescriptions. For critical features, proof of process capability may be required.

## 10. Initial sampling Initial samples are parts that have been manufactured entirely by means of series production facilities, under series-production conditions.

All other samples (e.g. handmade prototypes etc.) fall within the definition of "samples". Samples do not replace the official initial samples. They can be used in practice tests or for pre-production clearance. Samples must be labelled appropriately. Sample parts should generally be provided free of charge.

### **Initial sampling must be conducted in accordance with that which is prescribed in the latest version of the Standard of the German Association of the Automotive Industry, Volume 2, or QS-9000.**

The details of the initial sampling procedure must be agreed with the competent quality planner before it takes place.

### **The initial sample test is used for series-production clearance.**

In principle, initial samples are required in the case of new/modified moulds and modified products or processes, following changes to production conditions and if the production location changes. All changes will imply the re-qualification of the article in question.

If parts have been made using multi-cavity moulds, these initial samples must be delivered separately as per pockets/cavities, with positioned marking and a completed initial sample test report.

No series production operation can take place until HESS has given clearance for it in writing.

## 11. Testing and measuring equipment

In order to guarantee the quality of testing and measuring, the supplier is obliged to calibrate/review its testing equipment regularly, and to document the results. Upon request, proof of measuring equipment capability must be submitted.

## 12. Maintenance and repair

The supplier must ensure that the moulds, machines and equipment that are used are operational and ready to be put into service at all times. It is up to the supplier to choose a suitable maintenance and repair method.

<b>Code:</b>	<b>HR-EK-005</b>	Page 4 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

### 13. Complaints

Following interruptions to production or events that give rise to a deviation from the agreed quality of the material/product, the quantity to be delivered or the time of delivery, the supplier is obliged to inform HESS of the same.

Products that deviate from that which has been agreed cannot be delivered until HESS has given clearance for this in writing. Consignments that have been given clearance by HESS must have labels showing the nature of the deviation and the fact that delivery has been authorised.

In the case of non-compliant delivery of materials/parts, the supplier will be responsible for carrying out the necessary rectification/screening work etc., and will bear the resulting costs.

The time frame for the operation will be agreed with HESS in advance.

When a complaint has been received, the supplier must submit an initial statement of its standpoint within 24 hours. At the latest after 10 working days, a corresponding written statement must be submitted, containing information about the cause of the error(s) and the remedial measure(s) that has/have been planned and implemented, as well as the time when the measures specified will be completed.

A final statement, including proof of the effectiveness of the measures implemented, must be submitted within a reasonable period of time.

In the case of justified complaints, we reserve the right to claim reimbursement for any costs that have been incurred in the handling of said complaints. For relatively large complaints, a detailed list of costs will be drawn up.

### 14. Supplier assessment system

HESS assesses its suppliers continuously. The assessment will take into account basic operating figures, performance figures and, as necessary, figures relating to quality, protection of the environment, energy management, health and safety at work and food safety.

The supplier will be notified of the outcome once a year.

Suppliers will be placed in Classes A, B and C.

- Class A classification – delivery capability with no objections
- Class B classification – delivery capability with certain objections; statement containing appropriate corrective and preventative measures within 4 weeks is necessary

<b>Code:</b>	<b>HR-EK-005</b>	Page 5 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

- Class C classification - supplier barred, statement containing appropriate corrective and preventative measures is necessary; supplier must qualify again.

The stated aim is to collaborate with A-suppliers as a matter of priority. In terms of the energy management system, suppliers and their products will also be selected and assessed in the light of their performance with respect to energy.

### **15. Guarantees and traceability**

Hess recommends to its suppliers that, as a matter of urgency, they effect appropriate liability insurance for product liability against the risks emanating from that which is stipulated in these Suppliers' Rules. In each instance, it must be possible for proof of the sum insured and cover to be presented to Hess before the contract is awarded.

It must be ensured that the materials/products that are supplied can be traced in accordance with Framework Regulation 1935/2004/EC. Article 17 (1) of Framework Regulation 1935/2004/EC reads, "The traceability of materials and articles shall be ensured at all stages in order to facilitate control, the recall of defective products, consumer information and the attribution of responsibility".

### **16. Documentation**

On the basis of the test results recorded during manufacture, as required and free of charge, it will be necessary to draw up quality-relevant documents such as, for example, a factory test certificate as per EN 10204-2.1 or a works certificate as per 10204-2.2. Critical materials or components will require an acceptance inspection certificate as per 10204-3.1.

Submission of proof and the archiving period for all the documentation relating to the verification certificates must be guaranteed in accordance with the applicable statutory and/or product-specific requirements.

In relation to each product that is supplied and its operational purpose, additional documents may be required of the supplier. Examples would be a Food Contact Clearance Certificate and proof of the absence of substances that would hinder coating with paint or varnish.

<b>Code:</b>	<b>HR-EK-005</b>	Page 6 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

## 17. Packaging and Labelling

In principle, in addition to that which has been set down in relation to specific articles, compliance with the following prescriptions is compulsory:

- a. Packaging in accordance with EU Directive 94/62/EC on the avoidance of packaging waste, i.e. its being kept to the minimum that is necessary.
- b. Pack size in accordance with the order and/or individual product specification.  
The max. weight of a pack unit cannot exceed 18 kg.
- c. Only homogeneously recyclable packaging material.
- d. Fillers made of recyclable material, only.
- e. No adhesive tape or strapping bands made of PVC.
- f. Cardboard boxes with RESY symbol, if possible.
- g. If HESS supplies containers, these must be used as agreed.
- h. Delivery only with correct shipping documents (delivery note), with a note of the full HESS material no., HESS material designation, order no., number of pieces, weight, delivery address, supplier's name, supplier's address, batch no., production date, any additional production site, freight terms and any information relating to hazardous substances.
- i. Labelling of every package with HESS material no., HESS material designation, order no., number of pieces, batch no., weight and any raw material.
- j. Samples must be labelled separately, as initial samples, samples etc., and delivered with the appropriate report such as, for example, an initial sample test report.
- k. Products or packaging containing "substances that would hinder coating with paint or varnish" (substances such as, for example, silicon, which, when coating is carried out, cause craters and other defects in/on the coating surface), are not permitted.
- l. Any departures from the stipulations must be agreed by us.
- m. For products with particular food safety requirements (products that will subsequently come into contact with foodstuffs), packaging must be agreed specifically with HESS so that the risk of the subsequent contamination by the product supplied of the material being filled can be minimised.

<b>Code:</b>	<b>HR-EK-005</b>	Page 7 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

## 18. Health and safety at work

When materials and products that are supplied to HESS are being manufactured, compliance with the applicable statutory regulations concerning health and safety at work will be compulsory, and staff must be protected from hazards when carrying on their activities.

Staff must be updated regularly and appropriately as to precautionary measures relating to the prevention of occupational accidents and sickness. In this regard, adherence to the provisions of legislation is compulsory.

## 19. Protection of the environment/energy efficiency

When materials and products that are supplied to HESS are being produced, compliance with the applicable legislation and regulations is compulsory. Moreover, we require that the products be manufactured as resource-efficiently as possible.

When materials or combinations of materials are supplied for the first time, and when any change is made to the composition of a combination of this nature, the material safety data sheets required by law must accompany said consignments.

The materials and products supplied to HESS cannot contain any of the substances shown in the lists below:

“The HESS List of Prohibited Substances“. This list must be requested on demand.

“Candidate List of Substances of Very High Concern for Authorisation”

Please check the current situation regularly by <https://echa.europa.eu>

HESS expects suppliers to introduce and maintain the principles and management methods described in ISO 14001/ISO 50001 or a comparable standard.

## 20. Food safety/hygiene

By agreement with HESS, suppliers of materials/products that are ordered by HESS for use in accordance with particular requirements, e.g. for the foodstuffs industry, must establish and implement measures that minimise the risk of contamination of the subsequent material being filled. Hygiene management can form a constituent part of a supplier's audit.

HESS expects suppliers of the relevant materials/products in the areas in question to introduce and maintain the principles and management methods described in ISO 22000 or a comparable standard.

## 21. Code of conduct

The supplier undertakes to adhere to the rules of the Code of Conduct of the BME (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. [the Association of Materials Management, Purchasing and Logistics]) and the

<b>Code:</b>	<b>HR-EK-005</b>	Page 8 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

principles of the UN Global Compact on human rights, labour standards, protection of the environment and the combating of corruption.

## **22. Change management**

The products specified and cleared by HESS can be modified as to their properties that have been laid down and as to other characteristic properties [sic] only after prior consent has been granted. All changes must be submitted in writing, and changes cannot be implemented until clearance has been given. The applicable lead times must be respected.

## **23. Correspondence/contact**

As a general rule, all correspondence will be conducted via the HESS Purchasing Department. If necessary, however, direct contact will be possible with specialist departments, e.g. for the clarification of technical details etc.

## **24. Guarantee**

Unless separate agreements have been made, our General Purchasing Conditions will apply.

## **25. Severability clause**

If these Suppliers' Rules form the basis of a contract and if parts of these rules or of the contract become invalid, the remainder of both will continue to be valid, unaltered.

## **26. Code of Conduct for Suppliers**

We expect our suppliers complying with the requirements of the directive (HR-GF-012). This code is available on our website.

## **27. Other agreements**

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<b>Code:</b>	<b>HR-EK-005</b>	Page 9 to 10
<b>Title:</b>	Suppliers' Rules	
<b>Scope:</b>	Purchasing	
<b>Competence:</b>	Purchasing Management	

**Declaration of agreement**

The supplier declares that it is in agreement with the requirements laid down in these Suppliers' Rules, and undertakes to adhere to them.

If the supplier fails to meet demands imposed on it by the Rules, we reserve the right to charge the supplier for any costs that arise from customer complaints, return deliveries, rectification work etc.

Any changes or additions that are made to these agreements must be made in writing.

These Suppliers' Rules will come into effect when the declaration is signed, and they will apply indefinitely.

If we do not receive notification to the contrary within 14 days, these Suppliers' Rules will be deemed to have been recognised, even if the declaration has not been signed.

**Karl Hess GmbH & Co. KG**

**Recognition of the HESS Suppliers' Rules by the supplier**

Lindenstockstrasse 29  
57299 Burbach, Germany

\_\_\_\_\_

Date

\_\_\_\_\_

Date

\_\_\_\_\_

Name in capitals

\_\_\_\_\_

Name in capitals

Stamp/legally binding  
signature

Stamp/legally binding signature