

**K A C O**



new energy.

**Strategischer Einkauf / Strategic purchasing**

**Lieferantenleitlinie / Supplier guidelines**



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## 1 General information

### 1.1 Objective and construction

This guideline is for the improvement of the relationship with suppliers for KACO new energy GmbH (below "KACO"), and between KACO and his suppliers (below „supplier“). The increased individual requirement of customers and the cumulative international competition in the photovoltaic sector demands high flexibility and quality. KACO succeeds at meeting this challenge through close cooperation with suppliers. This guideline details the requirements of KACO to the supplier and it shall be used as a guide for them. There are several partitioned sections which contain detailed information suitable for the use of all KACO suppliers.

Please read this guideline carefully and if you have any question, contact KACO. Moreover, fill in the data sheet for accurately with your information and send it back to KACO. (**Attachment 2: Your information for the guideline is for the improvement of the KACO – supplier relationship**)

## 2 Exchange of information

### 2.1 Supplier self disclosure

The "supplier self disclosure" questionnaire is used to collect information fast and rational of the supplier. It gives them the possibility to present a company so that KACO is able to evaluate and rate the supplier's capabilities. The questionnaire includes questions about the company and its business activities.

### 2.2 Contact person and deputy

The supplier has to provide to KACO a dedicated contact person. Please provide the following information:

- name
- title
- phone number
- fax number
- e-mail address
- mobile phone number

The same data must be on available to the employees of the supplier. There must be a substitute contact person arranged and defined to KACO, when the primary contact person is absent. KACO will expect that the contact person and his replacement are in a position to make competent decisions and to solve problems.

The aim is to build an intact and smooth business connection between KACO and the supplier. Attached there is a data sheet, where the supplier is able to register the contact person and his/ her replacement.

*(Attachment 1: contact information-contact person and deputy)*

### 2.3 Availability

During regular business hours, weekdays from 8.30 am to 4.30 pm, the main contact person from the supplier must be available. Furthermore, an emergency number from the supplier is preferable to make sure in the event of a crisis KACO can easily contact the supplier.

### 2.4 Communication languages

The language of communication between KACO and the supplier is German and with the foreign supplier it's English.

### 2.5 Data transfer

Data can be transfered between KACO and the supplier by:

- phone
- internet (e-mail)
- mail
- fax

## 2.6 Arrangement of confidentiality

The supplier will keep all proprietary information learned about KACO within the confines of the relationship and all information learned which is not considered public by KACO should not be discussed outside of the supplier facilities. The misuse and the transfer of data is strictly prohibited and will be punished legally. The obligation of secrecy remains also after ending the collaboration between KACO and the supplier. KACO will arrange with the supplier an individual obligation of secrecy agreement at the beginning of the relationship.

## 2.7 Obligation of communication

KACO and the supplier agree to engage in a mutual and clear exchange of information. This includes obligatory reoccurring meetings to disclose any inquiries. These must be answered immediately. If there are any problems with the delivery, the date of delivery, the quality and/or the quantity, the supplier has to report immediately to KACO (Self-notification).

Furthermore, information about procedural changes, changes to workflow or materials must be communicated promptly to KACO. The supplier must point out the changed replacement time or delivery time to KACO.

# 3 Order processing

KACO operates purchasing with proprietary order processing systems. This system includes the supply according to the principle of MIN/MAX, the principle of Kanban and the consignment warehouse.

## 3.1 Classic order

In the classic order the supplier will get a demand-driven order by KACO. This can happen by mail or fax.

The order of KACO transers the following information to the supplier:

- date
- order number an position
- order date
- order quantity
- material
- material number of KACO
- material short text
- possibly a graph
- price
- delivery address
- terms of delivery and payment
- if necessary: additional information

KACO expects confirmation of order within 3 days of the order transmission. This includes the following content:

- order confirmation number
- supplier contact data

- order number and position
- date
- quantity
- price
- terms of payment
- delivery address
- delivery date

It's important to include the order confirmation number and the shipping position in all documents.

### 3.2 Supply via MIN/MAX

The supplier will receive on a daily or weekly basis via email a predefined delivery quantity for each item needed by KACO. The supplier will see in this email the number of items in stock at the KACO warehouse. If the stock is between the predefined Minimum (MIN) and Maximum (MAX) values the supplier is not responsible to deliver product. If the number of items in stock as stated in the email update is near the MIN value the supplier is required to make a timely delivery. The supplier is expected to not over stock the warehouse above the MAX value.

### 3.3 Supply via Kanban

Kanban is a method for flexible and decentralized production control. Basically the kanban principle is modeled after the supermarket principle. This means that when a material is removed, the empty spot left behind will be immediately refilled.

During the ordering process via Kanban the supplier will receive an individual contract, based on the cooperation agreement determined as appropriate between the supplier and KACO. The supplier will have a contact person available at KACO any time with suggestions for successful Kanban execution.

### 3.4 Supply from the consignment warehouse

The consignment warehouse is a warehouse of a service provider. The goods delivered to the warehouse by the supplier remain in possession of the supplier as long as KACO withdraws the good from the warehouse. The supplier bears the cost of the stock yard. KACO will be charged for the goods after reporting the withdrawal. The supplier receives daily calls of the service provider about the warehouse stock of his material. He is self-responsible to fill the warehouse stock, but he can determine the time and the quantity of delivery within the framework of the minimum inventory. The supplier has to advise his delivery in written form 1-3 working days before the confirmed date of the deliverement. For this deliverement the supplier receives a form, which he has to fill out and send back to the service provider. One storage unit consists of one item ordered by KACO.

## 4 Packaging and dispatch

### 4.1 Packaging requirement

All goods must be delivered to KACO in ecologically sound and properly sized packaging. This means that the packaging should not be bigger than the protection of the goods requires. The supplier should arrange the items delivered to KACO in a way that makes the handling of the items easy from receipt to use in production. The packaging should secure damage-free delivery and storage of the suppliers item. Each item should be clearly labeled. Packaging should be kept in good order and treated with care. The supplier is responsible for the care of the packaging.

Two distinct types of packaging:

- non-returnable packaging: The packaging can be used only one time. This type of packaging is not acceptable to KACO except when no other option is available. The environmental pollution caused by non reusable packaging is to be kept as low as possible.
- reusable packaging: The packaging can be used repeatedly. KACO prefers this type of packaging. If reusable packaging is used KACO will arrange with the supplier the process by which empty packages will be returned and reused.

### 4.2 Delivery date

The delivery date is the date, which is confirmed by the supplier as to when the goods will arrive at KACO.

### 4.3 Delivery note

For every successful delivery the supplier will need to provide a minimum of one delivery note. The delivery note should give KACO the information listed below about the goods delivered. The supplier must ensure consistent deliveries arrive in this manner to KACO.

The following details are mandatory fields which must be on every delivery note:

- |  |   |
|--|---|
| - name, factory # and address at KACO facility | - delivery quantity                                       |
| - date   | - delivery material number and material short text (KACO) |
| - dispatch number                              | - name, factory and address of the supplier               |
| - delivery date                                | - contact person from the supplier for the delivery       |
| - order number (KACO)                          |   |

The order number of KACO and the dispatch number have to be generated as a barcode. The principles for the creation of the barcodes is attached (**Attachment 3: Principles for the creation of barcodes on delivery notes**).

## 4.4 Delivery terms

Delivery terms will be negotiated with KACO and the supplier. At KACO the types of dispatch are:

EXW - KACO bears all costs and risks of shipping from the site of the supplier. (ex Works)

CIF - In the CIF clause the supplier bears all direct and indirect costs, fees and charges, which are involved in loading of goods at the port of shipment. (cost, insurance and freight)

Free house - The dispatch type "free house" means that the costs associated with shipping are not yet decided.

In some cases, KACO clears the type of dispatch DDP (= "delivered duty unpaid ") or DDU (= "delivered duty paid") with the supplier. In this connection KACO relies on the incoterms.

## 4.5 Times of delivery

Here are the KACO branches and the hours of operation of each:

### KACO, Neckarsulm and Erlenbach

<b>factory I, II and III:</b>	monday – friday	8.00 a.m. - 9.00 a.m. 9.15 a.m. - 12.00 a.m.
	monday – thursday	12.45 p.m. - 5.00 p.m.
	friday	12.45 p.m. - 4.00 p.m.

<b>KACO, Kassel:</b>	monday- friday	8.00 a.m. – 5.00 p.m.
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Deliveries outside the opening times must be registered and approved by the KACO contact person in the purchasing and in the goods receiving departments.

## 4.6 Delivery address

The order or the delivery schedule contains the exact delivery address for a shipment and are obligatory.

## 4.7 Delay in delivery

In case of a delay in delivery the supplier will choose the fastest possible delivery method, selected by KACO. The additional rushing charges incurred to meet the agreed upon delivery date will be paid by the supplier. KACO is entitled to debit additional incurred, documented expenses (disruption of production, machine downtime, special trips to the end customer, etc.). An additional penalty of 0.5% of the contract value per day of delay in delivery will be deducted from the final payment made to a supplier that provides a tardy delivery of goods.

## 5 Quality

### 5.1 Evaluation of suppliers

KACO makes an evaluation of suppliers. KACO will consider the following issues:

- **purchasing** (for example price and total costs of the supply relationship)
- **quality** (for example quality performance and used quality systems)
- **logistic** (for example delivery performance)
- **ecology** (for example environmental aspects)

An annual evaluation of each KACO supplier will be performed by a KACO representative. This will serve to continuously improve and intensify the business connection between KACO and the supplier. KACO will also consider the following issues in no particular order of importance:

- availability of supplier rep.
- flexibility
- friendliness

### 5.2 Material specifications

There are specifications which have been created to ensure the delivery of quality materials to KACO. A supplier can find detailed information on these specifications in the general agreement and reference the newest version of specifications.

### 5.3 Rework / repair

If repairs are approved by KACO, the supplier must ensure the work is successfully completed as quickly as possible. The supplier must communicate a new delivery date to KACO as soon as is possible. If necessary, the supplier has to arrange a replacement delivery, which the supplier will pay for in full.

## 6 Handling of payments

The order number and the material descriptions must be clear and complete in the invoice. If all information is not provided payment will not be made. A copy of the invoice should be marked as duplicate. Purchasing will arrange the handling of payments with the supplier. The standard- term of payment from KACO is 14 days less discount or 60 days after deductions. The contract will be payed in full after receiving the invoice.

## 6.1 Invoice

KACO expects an invoice with each delivery. The following details are mandatory fields which must be on every invoice:

- date
- invoice number
- number of the delivery note
- date of the delivery
- order number (KACO)
- delivery address
- material number (KACO)
- quantity
- price

## 7 Attachments

### 7.1 Attachment 1: contact information-contact person and deputy

<u>Address of the supplier:</u>
<u>Web Address:</u>
<u>Contact person:</u> name phone fax e-mail emergency number
<u>Deputy contact person:</u> name phone fax e-mail emergency number

Please send a copy of this form to:

KACO new energy GmbH  
Strategic purchasing  
Friedrich-Gauss-Str. 1  
74172 Neckarsulm

or

Fax: +49 7132 3818-702

**7.2 Attachment 2: Acceptance-Guideline for the improvement of the relationship with supplier**

I confirm that we the supplier have taken note of and recognize the guideline for the improvement of the relationship as a supplier for KACO.

\_\_\_\_\_

place/ date

\_\_\_\_\_

supplier/ company stamp

\_\_\_\_\_

signature

Please send a copy of this form to:

KACO new energy GmbH  
Strategic purchasing  
Friedrich-Gauss-Str. 1  
74172 Neckarsulm

or

Fax: +49 7132 3818-702

## 7.3 Attachment 3: Principles for the creation of barcodes on delivery notes

- 1) Barcode: - minimal height: 5,5 mm
  - maximum height: 11 mm
  - type: code 128 or standard code 39
  
- 2) The following data have to feature barcodes:
  - order number (important: only the last six cypher ( initiating with the 6....))
  - dispatch number
  
- 3) The barcodes must contain only the required data. The barcode must be clearly visible and printed clearly. If it isn't possible for technical reasons, the barcode must have the information appended in plain writing.
  
- 4) The remaining position and data on the delivery note will remain unchanged.