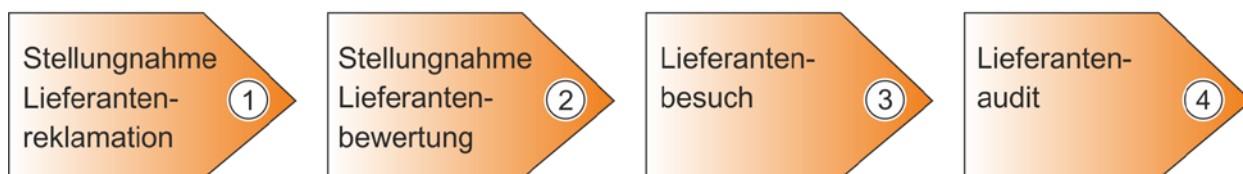


## Supplier manual

### Stufen der Lieferantenentwicklung



Stages of supplier development

Opinion on supplier complaint  
Opinion on supplier evaluation  
Visit to supplier  
Supplier audit

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# 1 Preface

As a service-oriented system supplier, Schienle Magnettechnik GmbH, referred to in the following as “Schienle”, offers intelligent electromagnetic linear drives and related electrical solutions for demanding tasks and applications. Responsible employees work in a professional environment to provide attractive products and solutions for your international customers.

To ensure that we maintain our high quality standards, we need committed, reliable and high-performance suppliers to collaborate with us in a spirit of partnership.

# 2 Scope

This supplier manual is intended to serve as a guide for cooperation between Schienle and its suppliers.

It sets out and regulates the provisions, processes and procedures that are required for the delivery of products or services ordered by our customers, taking into account the Schienle quality management system (ISO 9001).

This supplier manual forms part of our orders. All additional agreements require the written form.

The supplier undertakes to comply with the obligations imposed on it by this supplier manual and to ensure that its subcontractors do the same.

Should any of the provisions of this supplier manual be or become ineffective, this will not affect the validity of the remainder of the manual.

# 3 Supplier management

## 3.1 Supplier selection

The selection of suppliers is based on the following criteria:

- **Price**
  - Price in comparison to the competitors
  - Payment & delivery terms
  - Additional costs for packaging, low quantities, ISIR etc...
- **Quality**
  - Delivery quality and result of ISIR on first delivery
  - Process reliability
  - Measuring room equipment
  - Documentation of processes, complaints procedure...
- **Delivery time**
  - Actual delivery time
  - Framework contracts, own fleet, closeness to production, just-in-time, Kanban...
- **Service**

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- Response time for tenders
  - Field sales
  - Warehousing
  - Organisation of additional processes, such as surface etc.
  - **Equipment**
    - Alternative machines
    - Testing capabilities
    - Age of the equipment
    - Possibility of further internal processes, such as tooling, maintenance
    - IT equipment
    - Environmental & occupational safety
    - Separate storage room...
  - **Logistics**
    - Traceability
    - Collection of data such as productivity, adherence to delivery deadlines, waste, inventory range, customer complaints, disposal costs, sick leave etc.
    - Supplier evaluation
  - **Innovation**
    - Development department
    - Own product
    - Procedures for suggestions for improvement
    - New developments
    - Benchmarking
    - Patents...
  - **Risk**
    - Capacity utilisation
    - Dependence on customer / industry
    - Insurance
    - Certifications
    - Supplier self-disclosure
    - USPs, ...

The assessment is undertaken by the purchaser responsible using a specified matrix after the first delivery with ISIR.

## 3.2 Supplier evaluation

At the end of the 4th quarter, all suppliers who have made  $\geq 10$  deliveries are given a supplier rating for the year just gone, regardless of their ranking.

The following rankings are possible:

A-list supplier            90 - 100    points

B-list supplier            70 - 89.99 points

C-list supplier            0 - 69.99    points

Suppliers with the "B-list" ranking are included in Stage 2 of Supplier development, see Section 3.3.

Supplier rating can be taken from the following evaluation criteria:

- Hard facts (80% of the overall score)
  - Quality of the products (weighting of 50%)
  - Adherence to deadlines (weighting of 30%)
  - Reliability of quantity (weighting of 20%)
- Soft facts (20% of the overall score)
  - Packaging quality (weighting of 30%)
  - Delivery documentation (weighting of 20%)
  - Service quality (weighting of 50%)

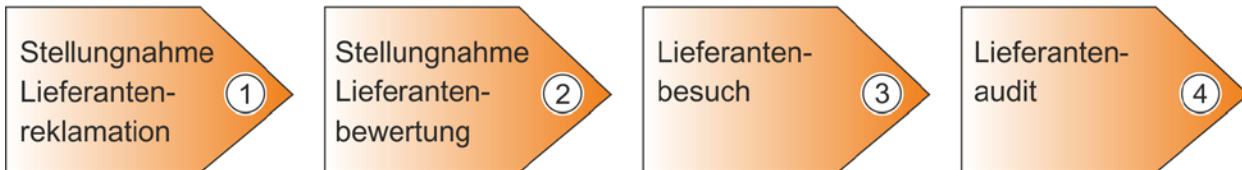
### 3.3 The supplier development process

The aim of supplier development is to use specific measures to develop series or new suppliers in order to enhance their performance.

#### Overview

The following development measures are carried out:

## Stufen der Lieferantentwicklung



(see above for translation)

#### Stage 1: Opinion on supplier complaints

Opinions (8D reports) are sought in the event of supplier complaints and reviewed in the supplier complaints group for reasonableness and possible effectiveness by the Purchase Department and QB. In the absence of plausibility, a renewed opinion is then requested.

#### Stage 2: Opinion and action plan on the grounds of a poor supplier evaluation

In the event of classification as a B- or C-list supplier, the Purchase Department requests a statement and action plans from the supplier.

If the measures implemented are unsuccessful, the decision will be taken at Schienle as to how to proceed with the supplier.

#### Stage 3: Visit to the supplier

The development potential is discussed with the supplier during a visit and laid down in an official record. Visits to suppliers are usually carried out by the Purchase Department. For this purpose, after an appointment has been scheduled, the supplier must grant access to the responsible member of the Purchase Department and/or Quality Management and ensure that competent points of contact are available.

#### Stage 4: Supplier audit

The QM system is reviewed for effectiveness in the context of a supplier audit. The supplier audit is planned by the Purchase Department. The QB is involved in the supplier audit. For this purpose, after an appointment has been scheduled, the supplier must grant access to the responsible member of the Purchase Department and the Quality Management.

#### Measures to be taken in the event of "failure" of supplier development

If the abovementioned escalation measures do not result in improvement, the decision will be taken at Schienle as to how to proceed with the supplier. One possible measure may be to completely end the relationship with the supplier.

## **4 Quality management**

### **4.1 Quality management system**

The supplier operates a quality management system that is in accordance at least with DIN ISO 9001:2015 or has strictly aligned its processes with these guidelines.

### **4.2 Labelling and traceability of products**

In the absence of any other agreement between Schienle and the supplier, the traceability of the goods supplied must be guaranteed right back to the raw material and its suppliers. The goods are to be labelled appropriately in the event of their delivery to Schienle.

### **4.3 Initial sample inspection requirement**

With the initial sample inspection, the supplier demonstrates that the parts produced under series production conditions conform to the specification. Schienle decides in line with its own internal regulations what kinds of parts are subject to the initial sample inspection requirement.

The requirements for mandatory initial sample inspection are:

- The first-time ordering at the request of Schienle of a new part from a previously approved supplier
- Change of supplier, at the request of Schienle
- Fundamental changes to the production process of suppliers such as new punching or extrusion tools or a different manufacturing processes, at the request of Schienle after notification by the supplier
- Fundamental changes to processes of suppliers of the supplier, at the request of Schienle after notification by the supplier
- Far-reaching or complex changes to the product in question, at the request of Schienle
- If production was suspended for more than 2 years, at the request of Schienle



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## 4.4 Complaints concerning defective units

In the event of quality defects, the supplier will be informed in writing in the form of a quality notification from Schienle. After investigation of the defect, the supplier must as quickly as possible - within 2 working days at the latest - give feedback in respect of the immediate measures it is going to execute. The next steps will be decided between the contracting parties, where one of the following options will typically be used:

- **Free reworking**  
With this option, the defective products are returned to the suppliers for reworking free of charge or reworked at Schienle.
- **Scrapping**  
Parts which are no longer usable are charged at the corresponding value of the goods, where applicable up to this stage in the production process.
- **Special approval**  
If the product is cleared for use by Schienle even though it does not comply with the product specification, Schienle will issue a corresponding deviation permit (special approval). This will be recorded by Schienle in the contract documentation.

Within 10 working days of receipt of the defective products, Schienle will receive a written opinion on the quality defect in the form of an 8D report.

Any reported and recognised quality deviations will be included in the supplier evaluation.

## 4.5 Costs

Schienle reserves the right to claim costs from the supplier resulting from complaints or defective units. This can include the following costs:

- Sorting and reworking costs
- Special transports
- Analytical activities
- Disruptions to production
- Scrappage costs

## **4.6 Changes to drawings**

Changes to drawings are communicated to the supplier using the form entitled Drawing Exchange (supplier) by the responsible member of the Purchase Department at Schienle.

In this form, the supplier receives all the necessary information concerning planned changes to drawings and a new up-to-date drawing.

Should the supplier be disadvantaged or incur costs as a result of the change, it can disclose this to Schienle by making the appropriate statements and returning of the form.

The form should be returned within 4 weeks and, in urgent cases, earlier. The latest return date is determined by Schienle.

Major or far-reaching changes are usually worked out in advance in collaboration with the supplier in question, so that the supplier can bring in its experience, knowledge and concerns at an early stage.

With its statement and its signature on the form, the supplier confirms the implementation of the change at the supplier's company with all its consequences.

## **4.7 The storage of quality-related documents**

The supplier must archive inspection, material and process data for at least 15 years in manner that renders them inaccessible to third parties.

The data must be backed up electronically on a physically separate system. Schienle can require the supplier to provide the agreed inspection data or material inspection certificates.

This archive must be maintained for at least 15 years even after the termination of business relations.

## **4.8 Notification or guarantee of process changes**

If the supplier carries out process changes (e.g. changes to the manufacturing processes, procedures and materials; changes of subcontractors, changes to inspection procedures and facilities, relocation of production facilities and production equipment), it must ensure by means of appropriate methods that these have no negative impact on the required product specifications. The supplier must keep all the necessary evidence that this has been done. If this change affects the initial sample inspection requirement (see section 4.3), Schienle must be notified thereof.

# **5 Environmental management**

The supplier must aim to ensure that its products and those purchased by it have no negative impact on people and the environment. The supplier undertakes to comply with the relevant laws and regulations.

## **6 Secrecy**

The supplier undertakes to treat all information received from Schienle in confidence i.e. to neither directly or indirectly make it accessible to third parties, either verbally or in writing or in any other way, without the express written consent of Schienle. Schienle reserves all rights to this information, including copyright and the right to register industrial property rights such as patents, utility models, topography protection rights, etc.

Further regulations are listed separately in a non-disclosure agreement, which is sent to the supplier prior to the commencement of the business relationship and must be signed by it.

## **7 Requirements of the Purchase Department**

### **7.1 General conditions of purchase**

In the absence of any other agreement, the placing of any orders by Schienle is subject to its own General Conditions of Purchase. The currently valid version is available as a PDF at <http://www.schienle.de/de/agbs> (German only).

### **7.2 Coordination of product requirements**

The product requirements are coordinated with the supplier and agreed in writing. These are based on technical descriptions in the case of catalogue items or technical drawings or parts lists in the case of production items.

The supplier undertakes at the point of receipt of the order to review the order requirements for coherence and feasibility.

The supplier must also review its ability to comply with the delivery date and deliver the required product quality prior to confirmation of the order. It must in the process particularly ensure that all product specifications and the scope of delivery are known to it.

Written permission from Schienle is always needed in the event of deviations and changes.

In the event of the identification prior to the delivery of a deviation from the order requirements, the supplier must obtain a deviation permit for the purpose of clearance for delivery. Should the supplier have no specific form for this, it can request the corresponding form from Schienle.

### **7.3 Information about changes in the supplier's company**

The supplier must inform Schienle immediately in the event of changes to the company name, the point of contact, address, and in the event of the renewal, extension or withdrawal of relevant certificates.

## **7.4 Minimum information on order confirmations, delivery notes and invoices**

### **7.4.1 Minimum information on order confirmations:**

- Name / address of the supplier
- Document number and document date
- Contact for further information (ideally with phone number and email address)
- Our order no. (e.g.: B2017-... Current year + ascending continuous 4-digit no.)
- Date of delivery
- Article no. at Schienle, with clear description of the service to be provided
- Unmistakable quantity unit
- Delivery quantity
- Price per article and delivery unit
- Additional costs incurred
- Terms of payment
- Terms of delivery

#### **Optional**

- If available, the customer no. for Schienle held by the supplier
- Article no. of the supplier
- Shipping method

### **7.4.2 Minimum information on the delivery note:**

- Name and address of the supplier
- Document number and document date
- Order no. at Schienle (e.g. B2017-... Current year + ascending continuous 4-digit no.)
- Item no. from Schienle order, in the case of orders with multiple items
- Article no. at Schienle
- Unmistakable quantity unit
- Delivery quantity
- Delivery or shipment date
- Separate orders of identical articles must always be listed as individual items in a delivery note or in separate delivery notes (batch separation).
- In the event of under-delivery there must be a clearly visible indication of the whereabouts of the remaining delivery items (e.g. "part delivery - remainder to follow" or "complete delivery - no subsequent delivery").

- Statement of all enclosed documents (such as material or surface certificates) or accompanying articles (ISIR parts or samples)
- **Optional:** Schienle order no. and delivery note no. of the supplier as a bar code (39)

### 7.4.3 Minimum information on invoices

- Information according to Section 14 (4i) in conjunction with Section 14a (5) of the German Turnover Tax Act (UStG)
- Document date (identical to the delivery / shipping date)
- Delivery note no.
- Delivery or shipment date
- Name of purchaser/buyer
- Schienle order no. with order date
- Item no. from the Schienle order in the event of orders with multiple items
- Item no. of Schienle

## 8 Requirements for logistics

### 8.1 Incoming goods and the inspection thereof

At Schienle, the incoming goods process is divided into a quantitative and a qualitative part.

The components of the quantitative process include.:

- Acceptance of the goods
- Refusal to accept in the case of damaged packaging or goods
- Temporary blocking of the goods during the quality tests
- Review of indicators for packaging and delivery documentation in the RQM
- Extraction of the samples for qualitative assessment
- Drafting of test reports (transport damage, delivery docs. and over-delivery)

The components of the qualitative process include:

- Quality tests of the samples on the basis of test orders
- Blocking of goods
- Drafting of test reports
- Obtaining special approvals

The rejection of goods is carried out in consultation with the Purchase Department

## **8.2 Packaging**

### **8.2.1 General packaging requirements**

The packaging is to be configured so as to ensure that the products are protected from mechanical damage, corrosion, and electrostatic discharge (ESD, if required).

Boxes and cartons are to be sealed with tape, not with metal staples.

The packaging must ensure that the containers or boxes are adequately secured during transport or trans-shipment.

The packaging must ensure that the goods can be unloaded without problems from the transport vehicles by forklift trucks.

### **8.2.2 Inner packaging**

The use of inner packaging is required to provide sufficient protection against damage to a product.

The inner packaging can be reusable (e.g. liners for small load carriers, thermoformed plastic blisters) or disposable (e.g. inserts of solid cardboard, bags, corrosion protection paper).

Packaging aids and filling material may consist only of paper: no Styrofoam, no edible fillers (corn chips), no packing foam.

### **8.2.3 Packaging instruction**

If Schienle should give particular packaging instructions, these must be observed in the delivery.

If packaging materials are to be provided by Schienle, they must be requested in a timely manner by the supplier.

If no packaging can be provided, the delivery must be carried out in accordance with Sections 8.2.1 and 8.2.2.

In the absence of any agreement to the contrary in the packaging instruction, the maximum gross weight of 15 kg per container/small load transporter/box must not be exceeded.

Nothing may be stuck on to any reusable packaging provided, nor may it be used for purposes other than the stated one.

Any excess packaging provided is to be returned to Schienle.

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## **9 Provision of tools**

If Schienle should make tools, production equipment or testing instruments available to the supplier in the context of deliveries, these are to be permanently marked as the property of Schienle. The supplier is responsible for ensuring that these tools remain undamaged.

This responsibility does not extend to damage to production equipment and testing instruments in the context of normal wear and tear arising from proper use. In the case of production equipment and testing instruments that are subject to mandatory monitoring, recalibration by Schienle must be instigated in good time by the supplier.

If tools are provided, a separate contract to cover the provision of tools will be concluded.

## **10 Provision or handover of products by Schienle**

If products of Schienle are provided for the supplier for the purposes of processing or use, Schienle will conduct a visual inspection prior to delivery (ident and freedom from damage) to ensure delivery quality at the supplier's premises.

The supplier must ensure that the products made available to it are sufficiently suitable for the intended processing / use. This will take the form of random sampling to an appropriate extent by means of:

- Ident verification
- Visual inspection of the goods for damage (such as rust, points of impact, etc.) or other abnormalities
- Comparison of the documents accompanying the goods with the text of the order

If irregularities should be detected at the supplier's premises which might possibly hinder or prevent the proper processing or use of products, the supplier must notify Schienle in writing thereof in good time prior to production, and further steps must be clarified between the contracting parties.