

1. General Requirements

1.1. Site

Place of delivery shall be Sulz –Kastell. The collection address and the return address must be clearly specified on the goods. Any deviations shall require the release from the Purchasing Department, the Logistics Manager and the Quality Assurance Department.

Any change of the production site or the dispatch site must also be reported to one of the departments referred to above.

1.2. Communication

Any inquiries and questions from CCS must be answered by the Supplier competently and in a timely manner. If delivery dates or ordered quantities cannot be complied with, this must be reported to CCS immediately when the Supplier becomes aware of this situation and documented in writing. In case of general inquiries for information, CCS expects that the Suppliers respond promptly. Any potential risks, such as threatening supply bottlenecks or a failure of the production flow, must be reported to CCS immediately within 1 hour.

1.3. Delivery of goods and adherence to delivery dates

A time window for delivery shall be assigned to the Supplier for the forwarding company charged with the delivery of the goods, the delivery term shall be DDU. Any unscheduled expenditures caused by delayed deliveries from the Supplier which require rescheduling of the production process and cause a loss of production shall be invoiced separately by CCS. Delivery date shall mean the date when the goods arrive at the CCS Goods Receipt. The Supplier must observe the agreed quantities and dates for the delivery of goods, he shall be obligated to comply with the requirements / agreements of the order and the delivery schedule.

1.4. Organizational changes

If there are any relevant changes in the structure of the enterprise or organization of the Supplier, this must be reported immediately to the Logistics Department of CCS.

1.5. Flexibility

The Supplier must comply with the following rules:

- Our Suppliers must be prepared for any increases / reductions of quantities within a lead time of one month. If certain requirements as to the Supplier's flexibility of capacity arise, CCS shall inform the Supplier in due time.
- If, apart from the latest deliveries, other shipments are on the way, the latter shall be offset against the next delivery lot which is due.
- If CCS has not received a rejection of the order within 2 days, the order shall be deemed accepted.

2. Production Process

2.1. Capacity / Production

The production capacities must cover the serial production requirements as well as any spare parts requirements of CCS.

If the quantities requested by release orders exceed the agreed capacities, the Supplier shall inform the Purchasing Department of CCS without delay.

On request of CCS Logistics, detailed information on the capacities including differences of product/part variants must be provided. In addition, any possible extensions of capacity and response times must be transparent.

As a protection against production risks, contingency plans must be established.

2.2. Consistency and plausibility check

All deadlines and quantities of the orders received from CCS must be managed in a consistently transparent and systematic way. Thus, it will be possible to provide at any time information on dates, quantities and production capacities. Furthermore, the supplier shall be responsible for checking release orders received as to completeness and correctness and for reporting any deviations promptly to CCS.

2.3. First-In-First-Out (FIFO)

The Supplier shall ensure consistent application of the FIFO principle for the entire flow of material, from Goods Receipt via Production up to Dispatch.

Should there be any deviations in this respect because CCS prefers a certain part to another one, e.g. due to a change in the production process or an urgent request, the Supplier must have certain reserves in order to manage these changes. If the Supplier is not able to change his production process, this must be reported to CCS immediately.

2.4. Safety Stock

The Supplier shall be obligated to build up a safety stock in order to ensure his ability to supply. This safety stock must cover the demand for two weeks minimum.

3. Delivery Requirements / Delivery Process

3.1. Packaging / Containers

The containers must be kept available in such a condition that they are fit for usage and storage. The owner shall be responsible for maintenance and cleaning of the containers as well as for repair and spare parts. The Supplier shall be liable for reductions in quality of the parts due to wet, soiled or defective packaging. Containers and packaging must be checked at Goods Receipt and Dispatch. The packaging must be provided in such a way that the articles arrive at the place of delivery in a technically and optically immaculate condition.

3.2. Provisions concerning the supply process for packaging / containers

The following table shows the responsibilities for packaging and containers as well as for the corresponding costs:

Assumed by:	Supplier	CCS
Acquisition costs and responsibility for the procurement of standard and special containers	X	
Acquisition costs and responsibility for reusable inner packaging for standard and special containers	X	
Acquisition costs for non-returnable inner packaging for standard and special containers	X	
Costs and responsibility for the procurement of packaging material and samples	X	
Procurement of and responsibility for the Supplier's own containers	X	
Acquisition costs and responsibility for the procurement of containers for the additional internal production requirements of the Supplier	X	
Acquisition costs and responsibility for the procurement of containers for interim storage of semi-finished products	X	
Acquisition costs and responsibility for the procurement of containers for production according to lot size	X	
Costs for complaints in case of delivery in substitute packaging that has not been agreed	X	
Costs for complaints in case of a delivery of standard and special containers which has not been agreed	X	
Acquisition costs for the procurement of containers for deliveries to upstream suppliers	X	
Costs for complaints for delivery in defective, wet and soiled packaging	X	
Costs for complaints/repacking in case of non-compliance with the agreed packaging	X	
Repair costs arising due to inappropriate handling of the	X	X

standard and special containers provided by CCS		
Responsibility for information to be sent to CCS in case of a change of the delivery point for empties	X	
Repair costs in case of wear and tear of the standard and special containers provided by CCS	X	X
Costs for non-approved scrapping of containers owned by CCS or loss of containers	X	

The packaging is to be planned for the specific parts according to aspects of logistics, quality assurance, environmental compatibility and cost effectiveness. The Supplier shall present a sample container which requires release by CCS in form of an acceptance report.

The supplier shall ensure that a contact person for planning the packaging is available.

3.3. Selection of Load Carriers

CCS does not prescribe a certain model or sample for cardboard packaging. The cardboard is to be used in such a way that the items arrive at the CCS Goods Receipt Department in a technically, qualitatively and optically impeccable condition.

The containers listed below are released by CCS for the delivery of goods.

Any other containers shall require a special release by Logistics, Quality Assurance and Purchasing Department.

R-KLT Series acc. to VDA 4500

- R-KLT 3215
- R-KLT 4315
- R-KLT 4318
- R-KLT 4322
- R-KLT 4329
- R-KLT 6415
- R-KLT 6418
- R-KLT 6422
- R-KLT 6429



3.4. Marking of Load Carriers

The containers and packaging materials must be marked by means of a barcode-capable goods tag. This tag must be filled out completely and fixed on the front of the container / cardboard box so that it remains visible when several containers / boxes are stacked onto one another and several packaging units are delivered.

The following data are required for marking the goods tags:

Description	Contents	Example
1. Recipient of the goods	Plant and site	Kipp GmbH & Co KG Gottlieb-Daimler-Str. 19 72172 Sulz-Kastell
2. Item No.	Item number assigned when order is placed	06450-343
3. Description	Description of the item	Bar
4. Date	Date of dispatch of the goods	2011-03-25
5. Delivery note no.	Serial delivery note no.	067723
6. Order no.	KIPP order no.	4015879
7. Quantity	Actual quantity of the pack/s	80 pcs.
8. Number of packs, containers	Total of all packs, containers delivered	3

9. Gross weight	Weight of the package with load carrier	120 kg
10. Net weight	Weight of the package without load carrier	135 kg

3.5. Delivery Note

The delivery note must be created according to the VDA 4913 standard. The delivery note must be fixed onto the cardboard box / container so that it is clearly visible.

3.6. Load Carriers

The Supplier shall deliver the goods on euro pallets or in wire mesh boxes.

The euro pallet is standardized according to the UIC Standard 435-2. The dimensions are: length 1200 x width 800 x height 144 mm.

The wire mesh box is standardized according to DIN 15155. The dimensions are: length 1240 x width 835 x height 970 mm.

In case of deliveries with e.g. reusable pallets, non-returnable pallets etc., the resulting extra costs and storage costs shall be invoiced to the supplier.

3.7. Total height of the shipment

The total height of the shipment (load carrier / pallet including the goods) must not exceed 100 cm maximum. If this directive is not complied with, any storage costs and any additional costs shall be invoiced to the Supplier.

3.8. Emergency Situations / Contingency Plan

For the delivery of goods, a close, coordinated and continually improving co-operation between CCS and its suppliers is required in order to maintain the delivery capacity at a permanently high level. In most cases, non-compliance with delivery dates may cause slumps in production at CCS and high costs for the resulting loss. Therefore, all process steps must be safeguarded by relevant contingency plans so that any disturbances can be made up for directly and without delay by means of appropriate measures. The contingency plan generally includes measures and dates for solving the problem. The contingency plans developed by the Supplier must be coordinated with CCS before the first delivery. If any bottlenecks in supply or any unforeseen events during transportation occur, the Supplier shall be obligated to report this immediately to CCS and to submit a suggestion as to how the problem can be solved. If, due to an unforeseen event, the delivery to CCS is jeopardized, the Supplier must be in a position to act immediately on the basis of his safety stock. Later on, a subsequent delivery must be made at the Supplier's expenses. If the production cannot be maintained at CCS due to wrong shipments, environmental influences, etc., the Supplier must always be capable to make additional deliveries out of his safety stock.

4. Standard Forms of Delivery

4.1. Delivery Release Order

The quantities of the materials to be supplied and the delivery dates shall be determined by release orders. The release orders may be made in the following ways:

1. Release via EDI
2. Forecast provided + release order

If a release order is issued via EDI, the Supplier shall be responsible for processing the output data of KIPP.

4.2. Warehouse Release Order

Release order for goods in the fixed batch size to the warehouse of CCS.

4.3. Just-In-Time (JIT) Release Order

Direct, short-cycle, sequenced deliveries without storage according to pre-defined delivery release orders.

Without storage: without storage phase, the average stock in the handling buffer is <1.5 working days incl. the safety stock

Short-cycle: delivery at least once a day

Control parameter: range of coverage or consumption

4.4. Just-In-Sequence (JIS) Release Order

Direct, short-cycle, sequenced deliveries without storage according to pre-defined delivery release orders.

Delivery without storage phase. The stock in the handling buffer is <1.0 working days incl. the safety stock.

Short-cycle: deliveries during the day

Control parameter: production order