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1. Introduction

The materials, components and production resources purchased by KRONES AG are a constituent part of our end products and thus have a decisive bearing on the quality of the high-value plant and machinery. If the customary high quality is to be safeguarded in the future, it is essential to have suppliers who commit to and go far beyond the basic requirements. What we expect of our partners is a zero defect policy. That is the only way we will be able to deliver individual, high-end solutions for our customers.

This Supplier Handbook is intended to improve the relationship between KRONES AG and its suppliers and help to uncover and minimise points of friction and interfaces. It describes the guiding principles behind the quality standards of KRONES AG. The common goal is to produce the very highest quality, establish a cooperative partnership and ensure the further development of supplier relationships. If the quality standards are to be guaranteed at all times, our suppliers must ensure that the products they supply conform to the order specifications, drawings and standards, including KRONES group standards and specifications. This document is intended to complement the General Terms and Conditions, the purchase terms and all other contracts that may exist and is binding.

Our guiding principle: We do more.

The best prerequisites of a long-term partnership are as follows:
- Recognition by the supplier of, and compliance with, the quality standards of KRONES AG
- Implementation of a QM system and consideration of the key content
- Pursuit of the continuous improvement process
- Provision of an environmental management system
- Timely delivery in perfect and consistent quality
- Acceptance of the purchase terms and Supplier Handbook

If these prerequisites are met, a good basis for a successful, long-term partnership will have been established.
2. Application

This Supplier Handbook applies for all suppliers who supply purchased parts and drawing parts to the goods receiving departments of our German plants:
- Neutraubling
- Nittenau
- Rosenheim
- Flensburg
- Freising (Steinecker)
(e.g. IT accessories, drive elements, plastic parts, cables & wiring, pumps).

In addition to the supplier code, the general terms and conditions of the KRONES AG and the respective specific agreement, the delivery guideline for suppliers is a mandatory order basis.

Other and/or additional requirements may apply for the rest of our suppliers, depending on the contractual basis.
3. Supplier Handbook

3.1. Supplier selection/requirements

Suppliers are selected by Purchasing in close cooperation with the Quality, Development and Production departments.

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The basis for successful cooperation and a positive supplier selection is the implementation of a quality management system. If a supplier is not already certified under a quality management system such as DIN EN ISO 9001 or DIN ISO/TS 16949 as amended, the following requirements at least must be met in order to be considered as a supplier of KRONES AG:

**DIN EN ISO 9001 : 2015**

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3. Supplier Handbook

3.2. Duty of documentation/disclosure

The supplier has a duty to keep records of the performance of suitable quality measures, in particular test results, and to archive these in an orderly manner for a period of five years. KRONES AG must be granted access to the necessary extent as required.

If goods for which product-specific standards (e.g. EU Machinery Directive) apply are to be supplied, KRONES AG assumes that these will be met in full.

The supplier has a duty to disclose all circumstances that affect KRONES AG. Among other disclosures, information concerning quality problems, foreseeable supply difficulties and changes of product characteristics must be disclosed unprompted.

If suppliers of spare parts orders plan to suspend production, KRONES AG must be informed at least six months in advance.

KRONES AG reserves the right to block suppliers if they fail to comply with agreed arrangements. A partial or complete block may be imposed for the following reasons, among others:

- Ongoing quality problems
- Inadequate delivery reliability
- Poor quality performance indicator

3.3. Purchasing

In Krones AG the Purchasing unit is the point of contact for all commercial issues. The contact persons for the suppliers are shown on the relevant documents (e.g. enquiries, contracts, purchase orders, complaints).

Further information on the Purchasing unit is provided at http://www.krones.com/en/purchasing.php.

3.4. Quality Assurance Suppliers

Within KRONES AG Quality Assurance Suppliers is the appropriate point of contact for queries relating to quality assurance and for technical queries. This is where any questions seeking clarification on parts lists or drawings can be raised. The department is also responsible for auditing suppliers and for concluding quality assurance agreements. It takes decisions on special releases after consultation with the relevant specialist departments. In addition, Quality Assurance Suppliers has competence in the event of any quality defects in parts Krones has sourced from outside.

All queries should be sent to the email address of the relevant plant as indicated on the purchase order, stating the supplier number.

The query must contain the following information:

- Purchase order number
- Order item
- Material number
- Pictures (if necessary)
3.5. Special releases

Previously defined specifications must always be observed. If a deviation is found in exceptional circumstances, an application may be made for a special release. A special release is a one-off release and applies only for the particular delivery or parts for which it is requested. It is not considered consent for future purchase orders.

The following document must be completed in full and sent with any application for a special release to the contact person for quality issues, the name of whom is indicated on the purchase order (cf. chapter 3.4. Quality Assurance Suppliers). Only then can an application for a special release be processed. The document can be obtained from the official KRONES website under the downloads icon http://www.krones.com/en/purchasing.php.

The deviation application should be described in detail so that KRONES AG can take a decision without the need to obtain any other documents. It may be supported by drawings or digital photographs, for instance. The supplier can make a proposal for rework. KRONES AG also expects information on the cause of the fault and the corrective action taken as a result on request.

The application signed by KRONES AG must be enclosed with the goods on delivery. In addition, every special release must always be documented as such on the delivery note.

Note:
Special releases cannot be issued for material deviations.
Contact: +49 9401 70-5391

3.6. Delivery scheduling

The supplier has a duty to meet the agreed delivery dates. The agreed delivery dates relate to the time at which the goods are delivered at the place of destination indicated by KRONES AG. KRONES AG must be informed at once and unprompted of any foreseeable postponement of the delivery date.
3. Supplier Handbook

3.7. Goods receiving

Neutraubling plant:
- Goods receiving area 1: Phone: +49 9401 70-3027
- Goods receiving area 2: Phone: +49 9401 70-4436
- Goods receiving area 3: Phone: +49 9401 70-3520
- Goods receiving area 4: Phone: +49 9401 70-4272
- Transfer station (Kanban): Phone: +49 9401 70-4677

Delivery times:
- Monday-Thursday: 07:00-15:00
- Friday: 07:00-12:00

Rosenheim plant:
- Goods receiving area: Phone: +49 8031 404-421

Delivery times:
- Monday-Thursday: 07:00-15:00
- Friday: 07:00-12:00

Nittenau plant:
- Goods receiving area: Phone: +49 9436 307-288

Delivery times:
- Monday-Friday: 07:00-15:00

Freising plant:
- Goods receiving area: Phone: +49 8161 953-140

Delivery times:
- Monday-Thursday: 07:00-15:00
- Friday: 07:00-12:00

Flensburg plant:
- Goods receiving area: Phone: +49 461 5044-1625

Delivery times:
- Monday-Thursday: 07:00-15:00
- Friday: 07:00-13:00

The purchase order indicates the goods receiving area to which the goods are to be delivered. If a material requires a certificate, this will also be indicated on the purchase order. The material certificate must be sent to an email address corresponding to the delivery address. (Cf. chapter 3.8. Acceptance test certificate/pressure equipment documentation).

The Krones goods receiving areas are in principle only configured for unloading using forklift trucks.

In the case of KANBAN deliveries, it is essential that the Kanban no. is shown on the delivery note. It can be found in the item details on your purchase order.

If the purchase order is a spare parts order, this will be identified in the header by the term »LCS PO« and an »E« after the order number. A spare parts order always has priority for processing.

You can find additional requirements in the delivery guidelines for suppliers.
3. Supplier Handbook

3.8. Acceptance test certificate/pressure equipment documentation

If there is a duty of certification or pressure equipment documentation for goods, we indicate that this is necessary in our purchase order. We require the test certificate as a document by email. If the documentation is required in paper form with an original stamp, this will be expressly stated on the purchase order. The documents must be clearly legible and may only be forwarded in the original or as a copy of the test certificate with no change in its condition (including its legibility), apart from adjustments of quantity information. In the case of copies, a procedure for ensuring traceability must be applied. The email address must correspond to the delivery address on the purchase order.

Email address for each delivery address:
- Neutraubling/Goods receiving area 1, certificates.gr1@krones.com
- Neutraubling/Goods receiving areas 2, 3 and 4 certificates.gr2@krones.com
- Neutraubling/Pipe bending centre RPZ certificates.gr-rpz@krones.com
- Flensburg certificates.gr-fl@krones.com
- Freising material.certificate@krones.com
- Hamburg certificates.gr-hh@krones.com
- Nittenau certificates.gr-ni@krones.com
- Rosenheim certificates.gr-ro@krones.com

In the subject line of the email, please always enter the KRONES purchase order number with the order item (e.g. 4502xxxx item XX) and the identification number (batch no., serial no., heat no. etc.). Only then will we be able to allocate it properly. The document must be available in digital form at the time the goods are received, otherwise we will send a reminder. If we do not receive the certificate despite a reminder, KRONES will issue a complaint, which will have a negative impact on the supplier assessment.

You must also make sure that deliveries are from the same batch. If this is not possible, the purchase order must be split into several order items. Please contact the relevant buyer in Purchasing.

3.9. Delivery document

The delivery note must include the following details:
- Delivery address
- Delivery note number
- Supplier name and address
- Material number, drawing number, drawing index and material description
- Delivery quantity with unit of measure, partial, full delivery
- Single part weight of the article
- Order and item number
- Number of packing items (containers)

If available, the following information must be added:
- Batch number, heat number, serial number
- Serial (com.) number
- Customer order number
- Acceptance certificate
- Complaint number
- Special release
- Kanban number

Findings:
We herewith confirm that the parts/articles listed on the delivery note comply with the requirements according to the purchase order (incl. all further applicable documents). This document was issued electronically and is valid without signature.

Certificate of compliance with the order DIN EN 10204-2.1

Mandatory for QAA suppliers:
You can find additional requirements in the delivery guidelines for suppliers.
3. Supplier Handbook

3.10. Auditing

**Cause, e.g.:**
- New suppliers following a positive first sampling
- C suppliers as a result of quality problems
- Outsourcing of technology
- Current quality problems
- Approval of welding suppliers

**Conduct:**
Normally a one-day audit is carried out. The precise scope and date will be agreed between the supplier and KRONES AG in advance. The supplier must ensure a smooth process and grant access to all relevant construction sites.

**Objective:**
The purpose of the system audit is to verify the effectiveness of integrated QM systems and obtain evidence of the extent to which quality-related activities meet the requirements for achieving the specified quality targets.

It contrasts with a product audit, in which a particular product is inspected for conformity with the specified technical requirements.

**Note:**
Auditing and welding approval is mandatory for all suppliers of welded parts and assemblies.

The supplier undertakes to rectify the defects/deviations revealed by the audit within the appropriate period of time.
3. Supplier Handbook

3.11. QAA

KRONES AG uses a quality assurance agreement to regulate various quality-related aspects with the supplier. It complements existing agreements. The supplier declares itself willing in principle to conclude a QAA with KRONES AG.

Objective:

■ The supplier is given the possibility of delivering directly to the points of consumption (Kanban).
■ The incoming inspection within KRONES AG is limited to verifying quantities, checking identity and an inspection for outwardly visible defects. In the case of deliveries for the Kanban system, the inspection is limited to outwardly visible defects or damage in transit.

Prerequisites:
The conclusion of a QAA depends on the quality performance indicator achieved and the defect rate.

Chapter 3.16. Supplier assessment (p. 15) describes how the quality performance indicator is obtained and the principles for calculating the defect rate.

Requirement:

■ Certificate of Compliance pursuant to DIN EN 10204 2.1 for each delivery note.
■ The supplier declares itself willing to comply with the agreed documentation policies

3.12. Initial samples

Initial samples must be manufactured in accordance with the KRONES AG specifications. Evidence must be provided that the samples are manufactured under series conditions. Samples must be identified as such. The initial sampling process should demonstrate before the parts go into production that the supplier is able to meet the product requirements set out in the drawings and specifications. If a sample deviates from the previously defined requirements, KRONES AG must be notified of these deviations without delay. The initial sample test report must be presented in full, and it must be possible to clearly allocate reference markings in the drawings.

Assessment:

■ Release: perfect delivery
■ Release with conditions: defects that do not affect functionality
■ Rejection for improvement: material defects

KRONES AG may reject initial samples if not all the documents and proofs are provided in full or if unapproved deviations of any kind occur. Within KRONES AG initial samples will be checked against the required specifications with regard to dimensions, materials and/or functions and other features that may be required in the individual case. An assessment will be prepared on the basis of the results.

Initial samples are generally not required for:

■ Catalogue parts
■ Minimum series

First sample test report:

The completed first sample test report must be enclosed with the initial sample and also sent (in the original format) to the following email address: Supplier.Request@krones.com. The format of the report must not be modified, i.e. it must remain interactive for the purposes of further processing within KRONES. To enable the report to be allocated, please enter the following in the subject line of the email: First sample test report, supplier name, purchase order number.

If there are any particular points to note with regard to transport protection, storage or preservation, please enclose this information with the first sample test report.

Initial samples are generally not required for:

■ Catalogue parts
■ Minimum series

First sample test report:

Initial samples are generally not required for:

■ Catalogue parts
■ Minimum series

First sample test report:
## 3. Supplier Handbook

**KRONES Supplier handbook**

for purchased and drawing parts

---

### 3.1 Sample Test Report

- **First sample test report**
- **First sampling**
- **Sampling**
- **Analyzing**
- **Test report**
- **Preparation**
- **Standard**
- **Inspection**
- **Approval**
- **Certificate**
- **Procedure**
- **Documentation**
- **Approval**

### 3.2 Supplier Acceptance

**Supplier:** KRONES AG

- **Department:** Purchased parts

---

### 3.3 Formulas

**Formulas:**

1. Formula A
2. Formula B
3. Formula C

---

### 3.4 Quality Control

- **Inspection:**
  - 100% inspection
  - Visual inspection
  - Non-destructive testing

- **Testing:**
  - Mechanical testing
  - Electrical testing

---

### 3.5 Packaging

- **Packaging Material:**
  - Cardboard boxes
  - Plastic containers

- **Marking:**
  - Barcode
  - Manual labeling

---

### 3.6 Delivery

- **Delivery Date:**
  - Date 1
  - Date 2

- **Shipment:**
  - Full load
  - Container load

---

### 3.7 Contact Information

- **Supplier:** KRONES AG
- **Address:**
  - Germany, 12345, ABC
- **Contact Person:** John Doe
- **Phone:** +49 123 456789
- **Email:** john.doe@krones.com

---

### 3.8 Warranty

- **Warranty Period:** 12 months
- **Warranty Coverage:**
  - Parts
  - Labor

---

### 3.9 Complaint Procedure

1. **Initial Complaint:**
   - Document the issue
   - Contact supplier

2. **Resolution:**
   - Return for repair
   - Replacement

---

### 3.10 Legal Terms

- **Terms of Sale:**
  - Payment terms
  - Delivery terms

---

### 3.11 Environmental Policy

- **Environmental Goals:**
  - Reduce waste
  - Use eco-friendly materials

---

### 3.12 Supplier Evaluation

**Evaluation Criteria:**

1. **Quality:**
   - A
   - B

2. **Delivery:**
   - On time
   - Late

3. **Pricing:**
   - Competitive
   - High

---

### 3.13 Case Study

**Case Study:**

- **Situation:**
  - Problem identified
  - Solution implemented

- **Outcome:**
  - Improvement in delivery times
  - Decreased costs
3.13. Complaint

The supplier is responsible for providing the supplied goods free of defects in quality and defects in title from the point of time of the passage of risk until the time when warranty claims become statute-barred. In the event of a complaint, rapid rectification of the defects has top priority. To that end suppliers are required to analyse the defects and initiate suitable action in order to achieve a final solution to the problem and minimise the risk of repeat defects.

KRONES AG reserves the right to take action intended to prevent greater damage or avert downtimes, for instance, and to pass these costs on to the supplier. The supplier will be informed of this action as quickly as possible.

KRONES AG also reserves the right to invoice the supplier for the additional costs, including any process costs, resulting from any complaint caused by the supplier.

With every complaint KRONES AG requires immediate feedback on the further action taken to rectify the problems that have occurred. These agreed measures must be implemented within 14 days as stated in the General Terms and Conditions.

If a written opinion is required, this will be explicitly requested in the complaint. We require two different opinions, Short report or 8D-Report. Depending on the required opinion, we send a form from the relevant report with the complaint, which the supplier can use. If the supplier uses his own forms, he has to consider the mandatory fields from our KRONES forms. The supplier must send the opinion to the competent QM officer indicated in the notice of defects.

Queries or comments on a complaint can only be dealt with if the complaint reference number is given.

A delivery note is enclosed when parts which are the subject of complaints are returned to the supplier. It is not sufficient to quote this delivery note number (14xxxxxxx) with queries.

In the case of spare parts deliveries, in addition to the standard information that is required the delivery note must always indicate whether the goods are new or used.
3. Supplier Handbook

3.14. SUS – Supplier Self-Service

KRONES AG provides suppliers with a modern platform for efficient procurement processing.

The online supplier portal allows us to send enquiries and quotations, purchase orders and confirmations as well as contracts quickly and easily. The portal also serves as a central document management system that can be used to provide drawings and parts lists for suppliers. Both modifications to drawings and parts lists can be sent using the technical change service. The supplier has the option of setting up a personalised email notification service for new or modified purchase orders.

The only system requirements are that the supplier must have internet access and one of the following browsers in the latest version:
- IE11
- Google Chrome
- Mozilla Firefox

Before connecting to the portal, the supplier is given a training film that explains the system in detail. We are also available to the supplier at any time under eprocurement.support@krones.com.

Technical change service:
This is where the supplier is informed of technical changes.

Information is provided on:
1. Current enquiries
2. Current purchase orders
3. Applicable quantity contracts
4. Fixed source list entries

Contact:
masterdata.ecm@krones.com

3.15. Empties management/packaging

Suppliers are required to note and comply with the current packaging standard of KRONES AG.

Suppliers who are connected to our supplier portal can find the current supplier delivery guidelines and the forms for empties management in the portal.

Suppliers who are not connected to the portal should get in touch with their usual contact person.

Contacts for empties management/packaging for suppliers of drawing parts and catalogue parts:
- Contact at the Neutraubling plant:
  Phone: +49 9401 70-2880
- Contact at the Rosenheim plant:
  Phone: +49 8031 404-8110
- Contact at the Freising plant:
  Phone: +49 8161 953-245

To ensure that we can present a consistent face to our end customers, special shipping and packaging instructions apply for suppliers of third-party machines and integrated assemblies. These instructions can be obtained from your usual contacts in Purchasing.

Suppliers must also ensure that goods are always delivered to KRONES AG free of damage. The goods must be packaged appropriately for transportation and protected against environmental influences. The supplier will be liable for any damage to the goods resulting from inadequate packaging.
3. Supplier Handbook

3.16. Supplier assessment

Suppliers are subject to assessment at regular intervals. This serves as a basis for the future purchasing strategy.

Essentially, suppliers are rated according to performance indicators to do with quality and delivery. These are weighted as illustrated below.

The Quality department works with the quality performance indicator (QPI), which is made up as follows:

1) A supplier: Score 100-90%: Meets the requirements without restrictions
2) B supplier: Score 89-80%: Largely meets the requirements
3) C supplier: Score 79-70%: Only partly meets the requirements (only suitable as a Krones supplier on certain conditions)
4) < 69%: Does not meet the requirements (not suitable as a Krones supplier)

As well as the QPI, a conclusive supplier assessment also considers the defect rate (defect rate = rate of complaints in goods received).

A full assessment can be requested by email to Supplier.Request@krones.com, stating the supplier number.

Full assessment
3. Supplier Handbook

3.17. Environmental management

KRONES AG is certified under DIN EN ISO 14001, among others, and has an excellent record of applying these standards. KRONES AG therefore strives to keep the negative impact on the environment and all ecological systems to the absolute minimum. Suppliers must ensure that the materials they use conform to statutory requirements and the requirements of KRONES AG. Compliance with the statutory requirements must be seen as a minimum standard.

The following aspects should be considered:
- Environmentally compatible materials
- Packaging by type
- Appropriate disposal
- No oversized packaging, provided the protection is adequate
- Appropriate handling of hazardous substances
- Liquids containers must be protected to prevent leakage

Any deviations require the written approval of KRONES AG.

3.18. Supplier Code

The Supplier Code is binding for, and must be observed by, all suppliers. This code of conduct regulates principles relating to human rights, working conditions, the protection of the environment and the fight against corruption, among other issues, and determines the continuation of business relations. The aim is to bring about a profitable and long-term supply relationship that is based on trust and respect.

The Supplier Code can be found at http://www.krones.com/downloads/krones-supplier-code_en.pdf

3.19. Traceability

Suppliers have a duty to ensure the traceability of pressure vessels, pipe systems and other materials for which certificates or documentation is required, right down to the source material. If material certificates are required, this will be stated in the purchase order. (Cf. chapter 3.7. Goods receipt, p. 8).

3.20. Confidentiality

Both the supplier and KRONES AG are bound to treat all technical and commercial details that come to their knowledge as business secrets. The supplier undertakes to treat as confidential any information, drawings, designs, plans, tender documents, costings and other documents received and not to pass them on to third parties.

Overview of links: