

1. Aim and purpose of the Service-Level Agreement

This Service-Level Agreement forms the basis of our future relationship with you as a supplier. The agreement formalises key performance indicators to be used to measure, monitor and validate supplier performance. These defined indicators allow you to determine our expectations in terms of your performance as a supplier and act accordingly.

The indicators stated below, together with the General Terms and Conditions of Purchase, constitute the minimum standards we place on you. They are the framework conditions that could be used to assess you as a supplier biannually. If we assess you as a supplier, you will receive the result of your performance once a year in the form of a meeting.

2. Technical expectations in terms of your performance as a supplier (technical SLA)

1. The delivery specifications must be observed in full at all times.
2. Production drawings and the related parts lists are provided for each individual project when a request for quotation is submitted or an order is assigned. Any additional shop drawings are to be created by the supplier. If there are suggestions to improve the product, these are to be discussed with the engineer beforehand. They must be approved by KHD. Production of the component without prior approval may result in the entire component being rejected.
3. The component must be ready for inspection at least 15 working days prior to the agreed delivery date and KHD must be informed of this.
4. A high level of quality is to be maintained at all times. The specialist staff and machines must work according to the latest state of the art at all times. The production process must be presentable for possible inspections with the end customer.

3. Commercial expectations in terms of your performance as a supplier (commercial SLA)

1. The development of prices is to be limited to the greatest extent possible. Any price changes attributable to circumstances that cannot be influenced (for example prices of materials) are to be communicated in a timely and open manner.
2. Prices are to be set in a way that is transparent. This also involves preparing and submitting quotations consistently.
3. If costs can be saved by means of process improvements or changes to the product, these should be communicated and presented to KHD without delay.
4. A certain level of flexibility in terms of changes to a component after order placement is required up to a certain point in time.
5. Requests for quotation, questions and/or change requests from SCM are to be responded to promptly by the specified deadline at the latest. If thorough processing requires more time, this shall be communicated immediately. However, in this case, receipt of the message shall be confirmed within 48 hours of it being sent at the latest. In turn, KHD promises the same. By defining responsible contact persons, it is to be guaranteed that both parties remain contactable.
6. The way in which information is handled and the quality of correspondence with KHD are to be kept at a professional level at all times. This also includes observing the communication times stated in section 5. Statements are to be formulated clearly and addressed to a specific person at all times.
7. Deadlines agreed for status reports and delivery are to be observed under all circumstances. A grace period of +/- one working day shall be granted for status reports. A deviation of +/- five working days shall be accepted when it comes to delivery.
8. The responsible buyer shall be immediately notified of anticipated delays in delivery.
9. The supplier shall ensure that the agreed delivery date is met and take any measures available in order to achieve this goal. If a delay not caused by KHD is announced, the planned special measures are to be defined at the same time, the results of which are to be given a prompt deadline.
10. KHD must receive notification of readiness for dispatch or notification of delivery at least five working days prior to the planned date. The required documents, such as the notification of readiness for dispatch, are to be included with this notification. The packaging and means of transport must meet KHD's stipulations or general standards. The preliminary package data is to be forwarded on request.