

## Supplier evaluation

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### Premise and implementation

Consistent supplier development is essential for achieving the business objectives of the kurtz ersa Group.

The supplier evaluation plays a central role in this process. The results form the basis for supplier selection, represent information for supplier development and provide important data for supplier management.

Usually the collection of the basic data and conduct of the supplier evaluation are performed at least annually.

The supplier is notified of the evaluation results in a timely manner.

Depending on the result, the supplier is asked to draw up and submit a development plan.

In addition, if required, joint measures will be defined in agreement between QA and Purchasing and implementation consistently monitored by both departments.

### Implementation

The main criteria subject to evaluation are "Purchasing", "Logistics" and "Quality". The implementation is SAP-assisted. Within the 3 main criteria, a maximum value of 100 points each can be achieved. The total result across the 3 main criteria is shown in percentage, with a maximum achievable score of 100 points.

The main criteria are divided into sub-criteria. The respective weighting of the main criteria and sub-criteria to each other are indicated in the following table. In the process, the sub-criteria are calculated individually and evaluated respectively. The maximum value is 100 points again. There is only one evaluation per supplier, i.e. if a supplier supplies several facilities, the evaluation covers all items delivered to kurtz ersa within the period under review.

### Main criteria

The weighting of the main criteria has been defined as follows:

Criterion	Weighting %	Measurand
Purchasing	10	terms of payment
Logistics	40	Adherence to schedules, adherence to quantity stipulations
Quality	50	Weighted complaint rate

## Supplier evaluation

### Sub-criteria Purchasing (10 %)

Terms of payment (100%)	Evaluation
Standard: 30 days 3% discount, 90 days net ( $30 \times 3 + 90 = 180 \rightarrow 180$ equals 100 points)	100
For other terms of payment, lower evaluation on a straight line basis	xx

### Sub-criteria Logistics (40 %)

Adherence to schedules (80%)	Evaluation
Average schedule variance by 0 days	100
Average schedule variance by $\neq 0$ days	see table

Goods receipt posting	+/-	Days	Points
On schedule	+/-	0	100
Too late	+	2.0	95
	+	10.0	80
	+	20.0	50
	+	30.0	30
	+	>30,0	0
Too early	-	3.0	95
	-	5.0	90
	-	10.0	80
	-	20.0	65
	-	30.0	50
	-	>30	0

For each goods receipt item, the variance between statistical delivery date and goods receipt posting date is evaluated. This is based on the respective factory calendar. The assignment of point values for the tolerances is performed according to the above table. The point score is used to derive an average.

Adherence to quantity stipulations (20%)	Evaluation
Adherence to quantity stipulations within tolerance	100
Adherence to quantity stipulations outside tolerance	0

The ordered quantity is compared with the posted goods receipt quantity per order position or scheduled order position. A variance within the tolerance (usually +/- 10 %) results in 100 points, a larger variance in 0 points.

The point score of the variances is used to derive an average.

**Kurtz Holding GmbH & Co. Beteiligungs KG**

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### Sub-criteria quality (50%)

Complaint rate 100 %	Evaluation
Complaint rate according to calculation	xx

All complaints are multiplied by the severity of the complaint (simple error=factor 1, standard error=factor 2, serious error=factor 3) and then added. This sum is divided by the number of items delivered. The percentage determined this way is subtracted from 100 %, thus resulting in the point value.

## Supplier evaluation

### Results and measures

The result of the supplier evaluation can be a value between 0 and 100.

Based on this, a classification as A, AB, B or C supplier takes place.

For a differentiated approach, the supplier is also classified as follows.

The resulting overall approaches are as follows:

Result supplier evaluation	Classification	>150 TEUR or strategically important	20-150 TEUR	<20 TEUR
	Points			
<b>A</b>	<= 100 >= 90	Supplier completely meets the requirements. Written information of supplier. Preferential treatment when placing orders.	Supplier completely meets the requirements. Written information of supplier. Consideration as strategic supplier.	Supplier completely meets the requirements. Continued use and possibly expansion of supplier. No information to supplier.
<b>AB</b>	< 90 >= 80	Supplier essentially meets the requirements. Written information of supplier. Preferential treatment when placing orders.	Supplier essentially meets the requirements. Written information of supplier. Consideration as strategic supplier.	Supplier essentially meets the requirements. Continued use and possibly expansion of supplier. No information to supplier.
<b>B</b>	< 80 >= 70	Supplier meets the requirements with reservations. Written information of supplier. Request development plan. Personal appointment to discuss measures.	Supplier meets the requirements with reservations. Written information of supplier. Request development plan.	Supplier meets the requirements with reservations. Continued use of supplier; observe development. No information to supplier.
<b>C</b>	< 70	Supplier does not meet the requirements. Written information of supplier. Request development plan. Personal appointment to discuss measures and audit.	Supplier does not meet the requirements. Written information of supplier. Request development plan. Telephone appointment to discuss measures.	Supplier does not meet the requirements. Partnership is not developed. No information to supplier.