

# Management Handbook



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## 1 Mission Statement

We provide the best solutions for electricity T&D infrastructure worldwide.  
“We energize the world”.

## 2 Vision Statement

We are a leading company in electricity T&D Business worldwide by 2015.

- We strive for a strong and profitable market position.
- Our brands are the first choice of our customers.
- We are the fastest in our industry.
- We are attractive to excellent people.

## 3 Quality Policy

We share a common understanding of providing excellent customer service and continuous improvement in the development, realisation and delivery of our products and services.

We are committed to:

- Serve the market with innovative products and excellent services.
- Meet and exceed customer expectations.
- Focus on quality with the full dedication, commitment and teamwork of all Mosdorfer employees.
- Challenge ourselves, benchmark and improve our products, processes and services.
- Say what we can do, and do what we say. The first time, every time and on time.

## 4 Organisational Structure

The organigram and the job descriptions of each employee provide information on the areas of responsibility and authority they hold.

### 4.1 Quality Representative

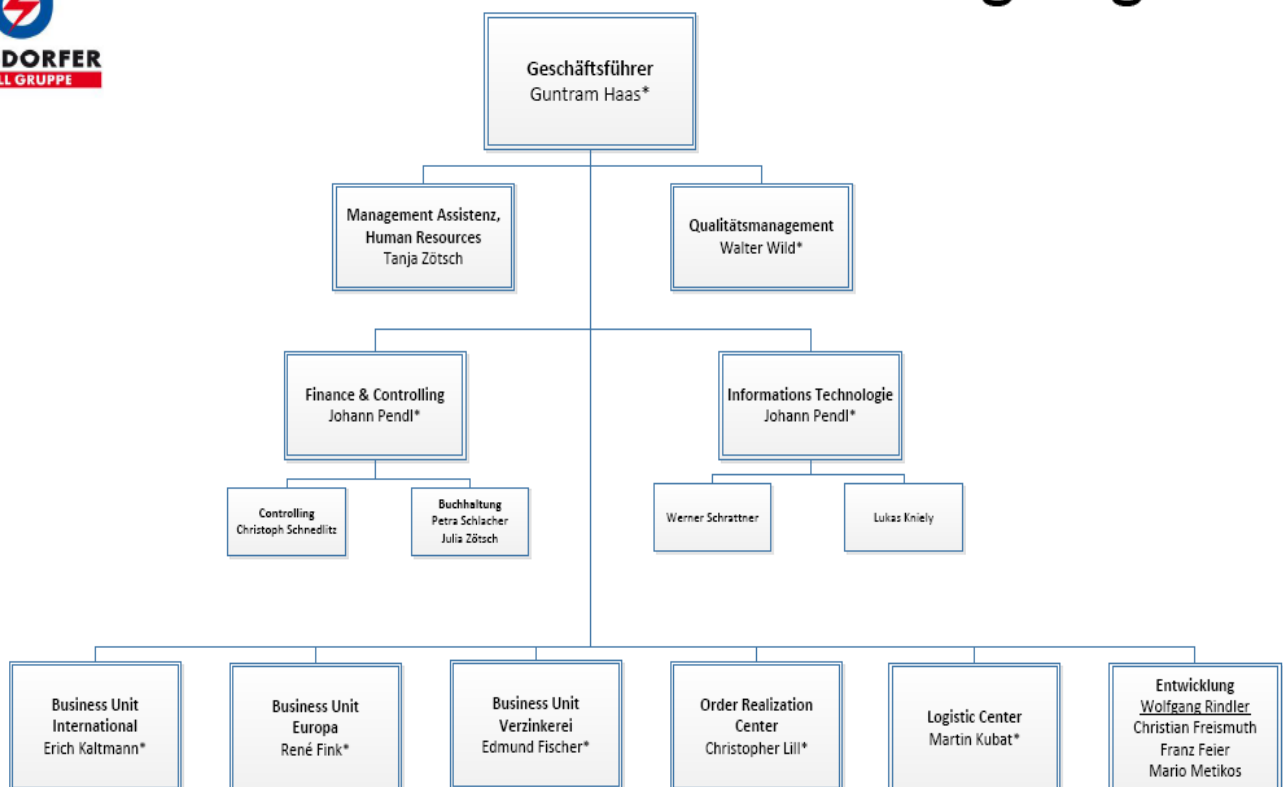
The Quality Representative (QB) at Mosdorfer GmbH is the Managing Director. Quality Management (QM) is the responsibility of the Head of Quality Assurance.

The Quality Representative determines the fundamental prerequisites for the specification of the quality management system and supports all the efforts so that the quality management system effects a continual, customer-oriented improvement of the quality performance.

### 4.2 Organigram



## Organigramm



## 5 Corporate Policy

- Our objective is to achieve sufficient profit to ensure the future of the Company and fulfil the expectations of the owner.
- For us customer-orientation means recognizing the expectations of our customers at an early stage and fulfilling these expectations in good time. Our experience and competence allow us to recognize customer requirements and to adapt our corporate policy to them.
- By introducing and maintaining a process-oriented quality management system that is in accordance with the requirements of ISO 9001:2008 we are creating the prerequisites for long-term and consistent improvement within the Company and for the realisation of customer requirements. We manufacture our products in accordance with all statutory, regulatory and safety requirements.
- We view our employees as an important resource on the path to achieving our corporate objectives. They support us with their know-how and with their readiness to react flexibly and quickly to customer requests. Regular training and further education opportunities ensure that we can retain our knowledge lead over our competitors in both professional and personality development. Our aim is to support our employees to take responsibility and raise quality consciousness and enthusiasm on all levels.
- Our suppliers share our responsibility for the fulfilment of customer requirements. We strive to fulfil our customers' quality requirements through close cooperation with our affiliated companies, key suppliers and institutions.

### 5.1 Corporate Policy

The creation and revision of corporate policy is the responsibility of the executive board with the support of the quality management department and management. The corporate policy conforms with the requirements of ISO EN 9001 and Knill Holding GmbH. Approval is given by the executive board. The policies are tested for currentness once a year in the course of management meetings. The corporate policies are in accordance with the Company's strategic orientation.

Each member of the top management must ensure that the corporate policy in his or her area of responsibility is communicated, understood and realised.

## 6 Operational Structure

The internal operational structure is process-oriented.

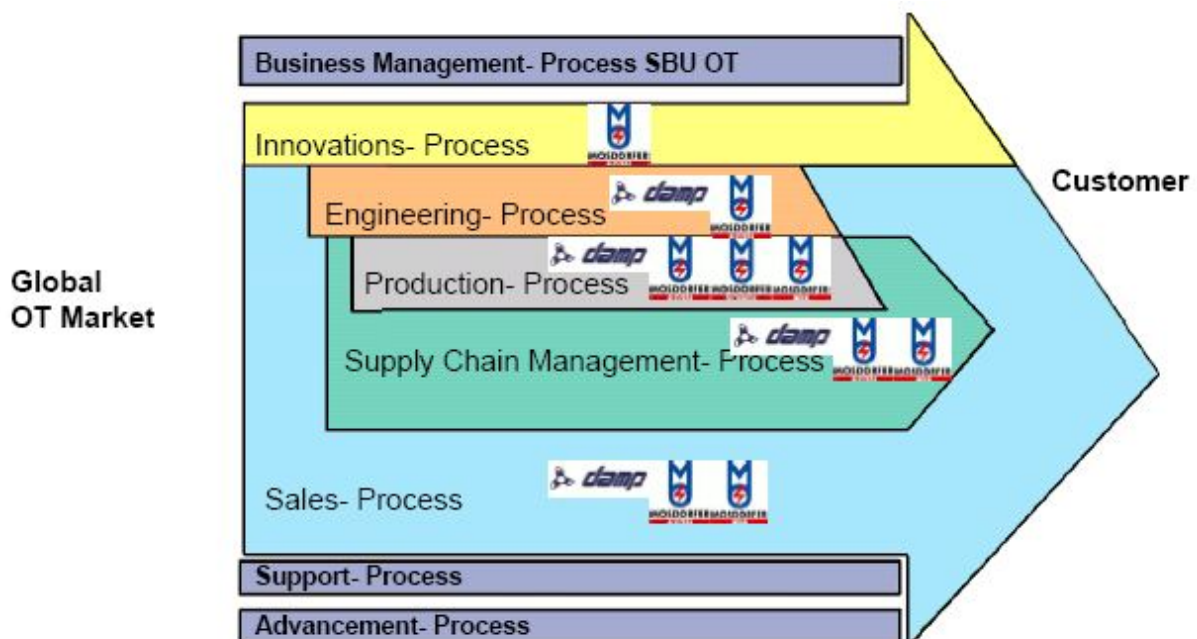
Each employee at the Company is part of this process management and takes responsibility for the realisation of tasks in this partial process. We differentiate between core processes and support processes. This differentiation is not associated with value significance but rather is split as follows:

**Core processes:** Processes with an interface to the external client, i.e. that are turnover-oriented.

**Support processes:** Processes that provide support services for the execution of core processes, i.e. that have a subsequent internal client. It would be impossible to execute the core processes without these support processes.

Our processes represent internal operational procedures and are oriented to quality-relevant procedures within the framework of the quality management system. Their primary importance is for the fulfilment of client requirements. The objective of quality management is to optimise these processes in the long term, enable fulfilment of corporate objectives and assure continual improvement in the long term.

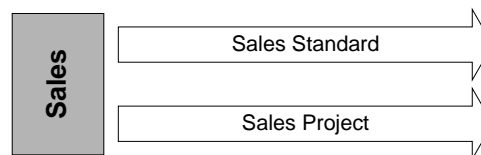
The processes must be identified, determined and evaluated. We have determined process figures and responsibilities to enable process evaluation in order to rate the efficiency of these processes. The evaluation is carried out at fixed intervals in the management meetings.



## 6.1 Sales and Distribution

The objective of the sales and distribution process is to secure and fulfil the early recognition of customer requirements.

The customer should be assured both a short reaction time and competent advice in reply to his enquiries and requirements. We place particular emphasis on good and consistent cooperation with the customer. We collect and record information on customer satisfaction in personal communication with the customer. This information is analysed at regular intervals and serves to inform our strategic distribution policies in the future.



Some of the main tasks are the collection of all necessary specifications from the customer, the timely production of quotations and accompanying documentation and the fast forwarding of all documents and information that is important for internal workflows.

Customer loyalty, customer satisfaction and the associated sales success are the responsibility of the sales team and are enabled by means of a customer-oriented sales and distribution process.

The efficiency of the sales and distribution process is scrutinised at regular intervals using suitable process indicator figures.

## 6.2 Technology

Technology is split into product and tool development, technical quotation production and documentation and technical projects.

The main objective of technology is the customer and market-oriented development and further development of products, components and tools.

Approved development projects and orders are processed here while taking economic aspects into account.

The tasks include independent development and construction activities in accordance with the corresponding client specifications, technical guidelines, norms and other requirements. We strive to include personal ideas and suggestions right through to patentable inventions.

To ensure smooth, orderly procedures we must pay special attention to internal paths of communication for innovation management, sales and distribution and production. Individual customer requirements are verified in the course of experiments and form the basis for further product optimisation. We utilize the know-how of external partners where necessary in order to achieve the high technical standard of our products.

Product-specific documentation and studies are provided to our customers as part of our technical support service.

The development projects are divided into project phases based on milestones. These are completed in the course of a consolidation process. Development-specific parameters and design reviews are documented in requirement specifications and a bill of quantities. The bill of quantities is produced by the innovation management team.

In order to ensure the quality level of our technical process we place particular importance on the maintenance and repair of our technical tools and the training and further education of our employees.

## 6.3 Innovation Management

The innovation management team carries out efficiency analyses, determines the design rules for the product groups in OT sector and optimises the product catalogue. Development proposals are also produced for development projects and submitted to IMT.

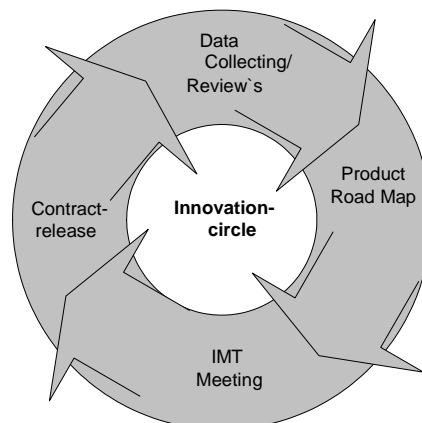
Innovation management is split into market and product innovation management.

### 6.3.1 Market Innovation Management

The objective is to recognise market requirements and trends in good time and to derive potential from them for SBU-T&D.

### 6.3.2 Product Innovation Management

The objective is to ensure that an optimum, cost-optimised programme of products is available for the defined target markets in accordance with customer requirements or that this programme is constantly optimised and maintained with a view to future technologies and trends.





## 6.4 Supply Chain Management

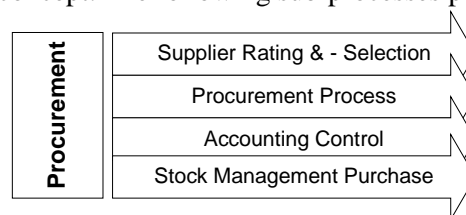
Supply Chain Management (SCM) is a comprehensive, cross-company planning and control method along the entire value creation chain including the suppliers, the production facilities, the customers and all logistical service providers. Value creation is seen as a connected process that begins with raw materials and ends with the customer.

The objective is the overall optimisation of the value creation chain and the efficient integration of suppliers, producers and logistical service providers so that products are provided in the correct quantities at the correct locations at the correct time whilst minimising costs.

The partial supply chain management elements are defined as purchasing, warehouse/distribution, logistics planning and shipping/customs.

### 6.4.1 Purchasing

Because of the specialisation of our own production department we are increasingly aiming to develop and cooperate with reliable business partners who produce overhead line fittings and accessories in accordance with our technical concept. The following sub-processes provide us with support in this:



We place particular emphasis on quality consciousness and reliability when selecting our suppliers. However we also always strive to achieve a price level that allows us to offer competitive prices to our customers.

One of the main activities of the purchasing department is to visit trade fairs and use the Internet to gain an updated overview of the procurement market.

The performance of interesting companies is first investigated by means of enquiries and sample deliveries before they are approved as a supplier.

Requirement proposals are evaluated every day as part of the computer-aided ordering process and then forwarded to the suppliers. Our own reminder system is in constant contact with the supplier and ensures that delivery date delays remain the exception.

Periodic analyses and evaluations of each delivery provide us with information on the performance of our business partners, in conjunction with the impression we have from our daily cooperation.

Our employees are constantly trained and provided with further education in order to prepare them for the modern communications technology required for cooperation with business partners and enable them to use the most recent procurement market research methods.

## 6.4.2 Warehouse

The main responsibilities are:

- Orderly goods receiving
- Loading and unloading of transportation
- Storage and stock management of raw materials and finished products, including the necessary inventories
- Provision of raw materials to production
- Product packaging
- Timely shipping to the customer including creation of shipping papers

## 6.4.3 Logistics Planning

The main responsibilities are:

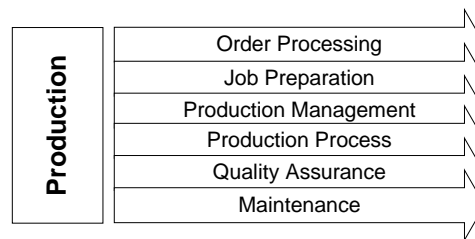
- Determining delivery dates to the customer for sales and distribution
- Long, medium and short term production planning derived from customer requirements and/or sales forecasts taking into account an optimum balance of variations in demand
- Warehouse management efficiency optimisation depending on customer requirements and the capabilities/possibilities of production and/or external suppliers
- Installation and further development of the systems necessary for planning and control systems
- Ensuring the consistency of deadlines and planning in all relevant sectors / systems
- Designing the information flow between the involved partners (sales and distribution, production, purchasing)
- Optimisation of the processing time for customer orders
- Ensuring adherence to the agreed delivery dates to the customer and the execution of correcting measures in the event of deviation

## 6.4.4 Transport / Customs

This sector is currently outsourced to an on-site external logistics provider who organises deliveries from external suppliers (as agreed) and arranges transportation to our external customers. Thus this service provider uses synergies in the transport sector in order to minimise costs. This service provider also covers all customs-relevant aspects and guarantees conformity to legislation.

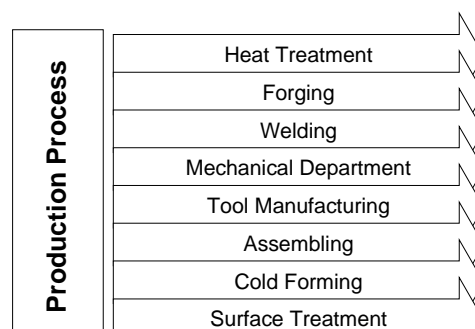
## 6.5 Production

The objection of production is to make the product on time, at the best cost and in accordance with all legal and safety aspects. This requires optimum cooperation between the following sub-processes:



The main responsibilities to ensure a smooth procedure are as follows:

- Computer assisted production of the manufacturing papers and documents
- Deadline planning using Job Dispo (computer assisted planning) at the facilities in Weiz and Myjava
- Punctual provision of production resources (tools, machinery and personnel)
- Punctual fulfilment of the production orders
- Preventative maintenance
- Internal repairs and maintenance are carried out in accordance with the maintenance plan and are stipulated by production management. They include technical, safety, statutory and legal inspection requirements. This ensures that all requirements are fulfilled and counteracts the possibility of production stoppages due to maintenance failures.
- Internal transportation
- The manufacture of high quality products using qualified personnel in the following production processes:
- The execution of documented self-monitoring



## 6.5.1 Quality Assurance

The purpose of quality assurance is to realise and uphold customer requirements for the products using a suitable inspection plan. Inspection activities are planned and executed in accordance with the appropriate norms and/or planned and executed in agreement with the customer. The inspection records are introduced and maintained in such a way that product inspection can be proven. MOSDORFER GmbH has its own test laboratories for electrical, dynamic and static tests as well as suitable equipment for metallurgic testing. All relevant measurement equipment that requires monitoring is calibrated either externally or internally. The administration of the measurement and testing equipment is the responsibility of the quality assurance team.

The following tests are carried out at MOSDORFER GmbH:

- Inspection of goods incoming (manufacturer's certificate) and identification of the supplied raw materials and testing of all other goods incoming as required.
- Testing in parts production and assembly (interim testing): the fulfilment of quality requirements is tested on the basis of requirements, instructions, drawings and production plans in a self-monitoring process by production. The elements or components that also need to be tested by quality assurance are determined and are forwarded to quality assurance using the test plan.
- Final inspections/acceptance tests on our products. Quality assurance carries out pre-determined tests on elements before they are delivered.

Defective units are marked clearly with a sticker stating 'Gesperrt (blocked)'. Decisions regarding the release of defective products are the responsibility of quality assurance in agreement with technology. Special releases can only be approved by a quality representative or by the technical manager or QM on his behalf.

## 6.6 Management Processes

Corporate administration processes are necessary in order to state corporate objectives, coordinate corporate processes and perform management tasks. Some of the most important are:

Strategic Planning and Orientation  
Budgeting – Resource Planning  
Personnel Development – Training Plans  
Payroll Accounting  
Accounting and Reminders  
Liquidity Planning  
Accounting; Management Accountancy  
Internal Reporting

Computer system support, user and network support – maintenance – data security – data administration, assuring the availability of information and administration of access. Enabling data

exchange (internal information exchange) and production of computer problem solution to improve processes and increase efficiency using databases etc. Enabling a modern and efficient computer infrastructure for modern working conditions.

## 6.6.1 Quality Management (QM)

The main purpose of this process is to support the company in realising customer requirements as well and as efficiently as possible and to maintain a QM system and ensure that the requirements of the international norm ISO EN 9001 are realised and maintained. Through this the customer should be confident that we are striving to look ahead and avoid defects in all sectors and thus provide an optimum service.

The areas of responsibility include:

- Management and documentation of the quality management system (QM-System)
- Analysis and continual improvement of the core and support processes in cooperation with those responsible for the process
- Monitoring of the realisation of relevant activities
- Training and advice for all employees in the QM system sector
- Informing management on the current status of the QM system
- Execution of internal audits and reporting to the executive board
- Execution of supplier audits (as necessary)
- Ensuring that relevant quality measures / preventative measures are in place
- Analysis of defect/complaint statistics using quality assurance statistics
- Determining and evaluating process figures in cooperation with the executive board and those responsible for processes
- Special releases by the quality representative
- Implementing and advancing KVP projects and quality circles
- Evaluating test results as part of product development

Quality management forms a connection point to all the processes at the company. The information flow to the processes is very important for the continual improvement of the QM system.

## 7. Management System

The management system aims to ensure and, where necessary, document quality at the company through integration of all sectors within the company.

The aim of the management system is to signal to our customers that their requirements and expectations are recognised and their demands fully understood and fulfilled.

Its main characteristic is the prevention of defects. For this reason we must focus on quality aspects in our actions and decisions.

### 7.1 Management System Structure

The description of the management system includes:

The Management Handbook (MHB)

The Procedure Description (VA)

Other valid documentation (INFO sheets, forms, records, job descriptions etc.)

Documentation of workplace valuation

### 7.2 Management Handbook (MHB)

The functioning and basic structure and process organisation of the management system is described in the Management Handbook. The Management Handbook also contains company policy and provides links to valid processes and responsibilities. The Management Handbook will be updated as a whole by the Head of QM in the event of modifications and a new version issued. Modified text sections are not marked.

### 7.3 Procedure Descriptions (VA)

The procedure descriptions describe the organisational cooperation in company processes within the management system.

Modifications are highlighted in brown.

### 7.4 INFO sheets

The INFO sheets contain important information on certain topics such as: concrete work requirements, machine information, safety requirements etc. Modifications on INFO sheets are highlighted in brown.

## 7.4.1 Management Guidance – Documents and Records

All quality-relevant processes are documented in writing and provided to staff in the latest version as a basis for their work with the aim of initiating and maintaining the management system in the company. QM is responsible for this procedure. The forms that are necessary for correct documentation are available in the computer system. Out of date versions are kept back from unauthorised persons and stored for the necessary storage period.

In principle only those quality-relevant documents and forms found in the computer system are current. Printed paper versions are not subject to quality controls or modification by QM. The forms are stored by sector and are each released by the person responsible for that sector. The executive board receives information on the quality documentation. Modifications may only be made following consultation with the person responsible for that sector and the QM. Suitable computer locks prevent unauthorised persons from accessing them. The quality documents, e.g. the Management Handbook, the company policy, process descriptions, INFO sheets etc. can only be modified by quality management. Documents on the server are read only. Modifications can only be made with the approval of the person responsible for that sector and possibly the executive board. All release and modification responsibilities can be seen in the documentation overview. Modifications are recognisable in the computer system by their brown colour. The current status of the quality documents is inspected at least once a year in the course of the internal audit.

## 7.4.2 Statutory Requirements

The administration and inspection of adherence to statutory requirements is the responsibility of the executive board. Work safety requirements are inspected and/or introduced by the safety professional.

## 7.4.3 Administration of Norms

We require a lot of information in order to guarantee the high technical standard of our products and adherence to international technical and statutory requirements and this information is extracted from international norms.

The norms are administered by Technology and are available worldwide on the Internet (ONLINE norm management). In the event that the status of a norm is modified (e.g.: invalid) then this can be clearly seen in the norm.

## 8 System Improvement

### 8.1 Error Handling

The minimisation of errors and complaints is an important objective. Great value is placed on early recognition of errors prior to delivery. Our processes are designed in such a way that we can rule out most sources of defects. We use the errors that we recognise in order to eliminate weak points. We promote and support the readiness of our employees to report defects by carrying out internal training. Any customer complaints that still occur must be processed as a priority.

All defect reports are processed in the ERP system. Customer complaints are dealt with by sales and distribution in cooperation with QM and the specialist sectors. Supplier errors are processed by SCM. Evaluations are included in the monthly management meeting via the defect statistics.

### 8.2 System Errors / Improvements

We aim to optimise the structure of the internal processes in order to improve the way they interconnect and to correctly define the interfaces, particularly to Mosdorfer Logistik GmbH. The evaluation of complaints and internal errors also allows us to recognise system errors and resolve them with corresponding measures. System errors can be reported to QM by all employees or included in the programme of measures (KVP). Release of measures is always undertaken by the sector head. The effectiveness of measures that are put in place should be proven in the course of internal audits.

### 8.3 Process Validation

The Hoshin Plan was introduced in order to enable continual improvement of the processes and this provides optimum process management and KVP process with its different levels.

### 8.4 Internal Audit

The objective of the internal audit is to evaluate the efficient implementation and maintenance of the management system. The aim is for the effectiveness and fulfilment of the requirements to be tested and opportunities given to improve the system.

Audit execution includes audit planning, production of the necessary documents for the audit and the actual performance of the audit.

Deviations that are determined at the audit are documented and improvement measures introduced by the specialist departments. Their efficiency is then tested in the post-implementation audit.



The results of the internal audit are documented in the audit report and serve as a basis for the evaluation of the management system by the executive board. Internal quality audits are carried out at least once a year. Product, process and supplier audits can also be carried out as necessary.

## 8.5 Management Review

The executive board holds monthly meetings with the sector heads and quality management. These meetings include the analysis of all points resulting from the management evaluation requirement in ISO 9001. The objectives are recorded in writing in the Hoshin Plan with responsibilities, deadline and budget. The objectives are defined at different levels for all management processes and the employees subsequently informed.

The monthly management meetings also include analysis of the process figures using the Hoshin Plan (these include defect statistics, feedback from customers, supplier evaluations, staff qualifications, adherence to statutory requirements, audit results, realisation of programmes of measures). The results also serve as the basis for the determination of new process and corporate objectives.

The objectives that are determined are in keeping with the company policy and strive to contribute to the continual improvement of the quality management system.

## 9. Training / Communication

### 9.1 Training

We strive to achieve a high level of employee qualifications in order to maintain our quality standard. We ensure this by including requirements for individual function sectors in job descriptions. We also carry out employee meetings that are designed to allow personnel to be utilized in accordance with their qualifications and personal strengths. The personal aims and ambitions of the employee are also taken into account in these meetings.

New employees receive instruction from quality management on quality-relevant processes when they start work. Specialist training is given by their superiors.

Training requirements that are discovered as a result of the employee meetings and that can result from process optimisation are registered by the office as desired training measures in the annual training plan and are approved by the executive board.

Training measures that have been completed are to be evaluated for hopeful success by those responsible for the relevant sector. The employees are also required to evaluate the success of the course in their opinion.

## 9.2 Communication

Internal communication service to improve the exchange of information between departments. Regular departmental and employee meetings and the provision of the latest information in the Intranet aims to promote internal information exchange.

External exchange of information is mainly supported by the executive board.

## 10 Terms/Abbreviations

QB	Quality Representative
QM	Quality Management
Audit	Testing of the suitability of the management system. Not a personal and not a control in the traditional sense.
Company Policy	Company mission from the company vision – long and medium term global company objective
KVP	Continual process of improvement
SBU-T&D	Strategic Business Unit Transmission & Distribution
IMT	Innovation Management