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Supplier Quality Assurance Manual

(Europe)

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0-INTRODUCTION

Scope

The requirements and expectations of Plasman reflected in this Manual are applicable to all Suppliers of direct materials and, as appropriate, indirect materials, packaging materials, and services (including containment, sorting, and calibration services) with potential impact on any product characteristics affecting Plasman´s Customer requirements. These requirements are also applicable to any Supplier directed to Plasman by any OEM Customer.

The scope of this manual excludes Plasman inter-company sales.

Purpose

The purpose of this manual is to complement, provide, and clearly communicate to all Global Suppliers, Plasman´s requirements and expectations regarding quality system requirements, advanced quality planning, launch management activities, logistics/materials procedures, serial production product, and process robustness. This manual is not intended to replace the AIAG reference manuals or other Customer Specific Requirements but should be considered and addendum.

In addition to the Plasman General Purchasing Terms and Conditions, it is mandatory that Suppliers understand and ensure compliance with this manual.

It is the responsibility of the Supplier to check for updates to this manual in regular intervals at: https://plasman.com/supplier-portal/.

For more information or clarification related to this manual, or if the website cannot be accessed, contact the Plasman Purchasing Department.

Policies

Plasman's Executive Management is committed to the development, implementation, and continual improvement of the effectiveness of the Quality, Environmental, Energy, and Occupational Health and Safety Management Systems deployed at our Plasman manufacturing facilities that have become critical for the industry.

In support of Plasman management's commitment, the following are the endorsed policies:

- Quality Policy

Plasman is committed to the continual improvement and development of our manufacturing processes, products, employees, and business relationships. Creating a better, more sustainable, and inclusive future is our collective responsibility.

This drive will ensure our continuing success in the engineering, design, and state-of-the-art manufacturing of the highest quality automotive trim, precision subsystem components, and consumer-focus products. Our reputation as a leading global manufacturer with expertise in design and engineering, tooling, molding, surface finishing, exterior trim, and assembly has generated customer expectations, and we deliver the solutions.

This solution-focused goal will be achieved by setting measurable objectives and targets for quality, while driving towards the industry standard of zero defects. Utilizing established and innovative technologies, methodologies,

and training initiatives, Plasman provides the resources needed to meet the existing and future requirements of the marketplace.

Plasman considers effective communication to be the cornerstone of our business relationships. Fostering the established collaboration framework with our customers, suppliers, and each other ensures our ability to anticipate our customers' needs and make their visions a reality.

- Environmental Health & Safety Policy Statement

Plasman is committed to following our environmental health and safety policy and endeavors to take every reasonable precaution to protect the environment and promote the health and safety of all employees and interested parties.

- Sustainability

We believe that creating a better, more sustainable, and inclusive future is our collective responsibility. Everything we do reflects our relentless passion for sustainability and finding ways to add value for the betterment of all our stakeholders.

Sustainability is a strategic priority for Plasman. We strive for compliance by committing to relevant international standards, laws, regulations, and customer requirements. We take responsibility for our products, production, and supply chain to deliver sustainable solutions.

Plasman complies and requires compliance of our Suppliers and their Suppliers to meet all requirements of End-of-Life Vehicle (ELV), International Material Data System (IMDS), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), and China Automotive Material Data System (CAMDS) directives. Therefore, Suppliers shall be compliant with applicable standards on the classification, packaging, and labeling of hazardous substances and mixtures, including national implementations of the UN Globally Harmonized System (GHS), such as Regulation (EC) No 1272/2008 on the classification, labeling, and packaging of substances and mixtures (CLP Regulation). All parts supplied to Plasman, including new, modified, and spare parts, shall be compliant with the current legal requirements (e. g. REACH, GADSL). Correct and complete Material Data Sheets (MDS) that comply with Conflict Minerals Guidelines must be submitted in the IMDS (International Material Data System) and/or CAMDS (China Automotive Material Data System), as applicable, for evidence of compliance. For parts not subject to PPAP, an MDS must be submitted in IMDS, upon request.

1-Standard Supplier Requirements

This manual defines Plasman's requirements on behalf of all our global manufacturing locations. There may be additional Customer Specific Requirements that are also required at a local level, which may be more detailed or stringent than requirements defined in this manual. Suppliers are expected to comply with both sets of requirements. In all cases, purchase orders, Supplier agreements, contracts, and any other business agreements shall prevail. For additional information and periodic updates to this manual, you may visit the Plasman website or contact the Purchasing Department at Plasman.

Note: All correspondences must be in English.

- General Requirements - Plasman's General Purchasing Terms and Conditions

In accepting Plasman's General Purchasing Terms and Conditions, suppliers agree to participate in Plasman's supplier quality and improvement program(s) and comply with all quality requirements and procedures specified by Plasman, as revised from time to time and those applicable to the Supplier's third-party certified management system. Suppliers are also expected to comply with any terms and conditions imposed on Plasman by the Customer to whom the final products are being shipped. This includes compliance with any specific forms or documents specified by any Customer of Plasman.

All direct material Suppliers must have a valid VAT number and a valid DUNS number as issued by Dun & Bradstreet, or equivalent.

- General Requirements – Access to Supplier´s Facilities

In addition, Plasman shall have the right to enter the Supplier's facility at reasonable times to inspect the facility, goods, materials, and any property of Plasman covered "by" contract. Plasman's inspection of goods, whether during manufacturing, prior to delivery, or within a reasonable time after delivery, shall not constitute acceptance of any work-in-progress or finished goods.

- General Requirements – Supply of Products to Plasman

All suppliers are expected to supply products to Plasman with zero defects and in accordance with schedule and/or Kanban call/order requirements. Parts shall meet all engineering specification requirements and function with no abnormalities according to intent.

- General Requirements – n-Tier Supply Chain Management

Suppliers are also expected to manage their sub-tier suppliers of products and services to ensure compliance with Plasman's requirements as defined in this manual, Plasman's Purchasing Terms and Conditions, Supplier´s Code of Conduct and Ethics, Sustainability commitment, contracts, the latest automotive industry standards, and any additional customer or Plasman specific requirements. Suppliers must ensure conformance of all products and processes, including service parts and those that are outsourced, to all applicable Customer, statutory, and regulatory requirements.

- Pass-Through Parts Requirements

"Pass-through parts" are defined as parts that are delivered to Plasman´s production plant by a supplier who processes parts from their Suppliers, without value-added activity or modification to form, fit, or function of the safety critical feature. The Suppliers of these parts will assume all responsibility for the quality of "pass-through parts" that are considered safety critical. This requirement applies to parts or features identified as safety critical by either Plasman, Plasman Customer criteria, or criteria identified by the Supplier as having the potential to impact safety. Plasman will conduct an on-site audit.

- Cyber and Information Security

Suppliers are accountable for ensuring that systems and procedures are in place and that they effectively protect computers, servers, mobile devices, electronic systems, networks, and data from non-authorized/malicious access.

Procedures in place detailing response to any attempted or actual cyber-attack shall be in place and must include immediate notification to Plasman for any potential impact to Plasman data or business.

All Suppliers are encouraged to become certified to ISO/IEC 27001.

- Counterfeit Products

Suppliers must ensure there is no risk of counterfeit products being shipped to Plasman.

In addition, the Supplier is responsible for disabling any part that is NOK (not shipped to Plasman) and that can be sold in the parallel market as original. Failure to fulfill this requirement will result in liability for the Supplier for any misuse.

- Integrated Management System Requirements

All Suppliers (including production plants) of direct materials and, as appropriate, indirect materials, special processes, packaging materials, and services (including containment, sorting, and calibration services) with potential impact on any product characteristics affecting Plasman´s Customer requirements shall be ISO 9001 or IATF 16949 certified (unless otherwise specified by Plasman).

These requirements are also applicable to any Supplier directed to Plasman by any OEM Customer (unless otherwise specified by the relevant OEM).

Any required standard shall be in the current valid version.

If the Supplier is not IATF 16949 certified, it is mandatory to demonstrate the compliance with Minimum Automotive Quality Management System Requirements (MAQMSR) or equivalent through an internal system audit done by a qualified auditor. Results must be available to Plasman immediately upon request. A second-party audit may be requested by Plasman due to the Plasman Supplier Audit Plan.

Plasman strongly encourages automotive production Suppliers to pursue the IATF 16949:2016 certification.

Suppliers are actively encouraged to use ISO 14001, ISO 45001, and ISO 50001 as guidelines for an effective management system and to pursue the certification as the ultimate objective.

1.1 Process Based Quality System Requirements

At minimum, Suppliers to Plasman shall self-audit each manufacturing process annually to determine its effectiveness per IATF 16949.

Records of these audits shall be maintained and made available immediately upon request.

Automotive industry developed best practices for special processes, including, but not limited to, painting, heat treatment, and anodizing to reduce campaigns, spills, recalls, and warranty claims related to components shall be followed by Suppliers.

The Special Process Initiative is comprised of individual work groups that develop assessments based on best practices and are designed to provide a means of continual improvement, emphasizing defect prevention and reduction of variation and waste in the supply chain.

Suppliers of parts that have “special processes” in the production steps shall annually assess them in their organization and cascade this requirement in the supply chain. This will provide evidence of their ability to meet customer requirements, align expectations between suppliers and customers, reduce waste, variation, and defects, and increase customer satisfaction. These assessments shall be submitted to Plasman SQE for

verification and acceptance of the products that are supplied to Plasman. Plasman reserves the right to ask for improvement if the assessment supports evidence of noncompliance with the standards.

These requirements are also applicable to any supplier directed to Plasman by any OEM Customer. Any required standard shall be in the current valid version.

In the case that Customer Specific Requirements (CSR) exist, Plasman will request Suppliers to comply with and cascade through the supply chain. This should be considered prior and confirmed to Plasman Purchasing with a quotation.

Plasman requires that Suppliers comply with AIAG guidelines (unless otherwise agreed with Plasman due to CSR). This includes, but is not limited to, PPAP, MSA, SPC, applicable CQI´s, APQP, and Core Tools.

The activities to achieve PPAP, the deliverables, the dates, and other requirements will be agreed upon between the Supplier and Plasman SQE through a Supplier Quality Assurance Plan (sQAP).

1.2 Sustainable Development

Suppliers shall be compliant with Plasman's Supplier Code of Conduct and general terms and conditions regarding Sustainable Development, and their impact on society, to ensure a high quality of life, health, and prosperity with social justice and maintaining the earth’s capacity to support life in all its diversity.

Plasman reserves the right to inspect the observance of the above-mentioned requirements at the Supplier’s facilities at any time.

Suppliers are further expected to ensure that their sub-suppliers observe these requirements and those of the local governing bodies, laws, and regulations in which they operate.

1.3 Conflict Minerals and Reporting

Plasman supports its OEM and Tier-1 Customer requirements to comply with Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the U.S. Securities and Exchange Commission ("SEC") rules and regulations. Plasman has initiated a process to perform due diligence on, and make disclosures concerning, the use of conflict minerals originating in Conflict-Affected and High-Risk Areas. Plasman’s process is based on guidelines and processes established by the OECD and the AIAG Conflict Minerals Workgroup.

All Plasman Suppliers, regardless of global location or Plasman facility they supply, must comply with requirements to record material content, including any content of these minerals (tin, tungsten, tantalum, and gold- 3TG) into the IMDS (International Material Data System). In addition, Plasman Suppliers must promptly inform Plasman of the uses and smelting sources, contacts, and locations of the minerals (tin, tungsten, tantalum, and gold) in products sold to Plasman, including information about minerals that are sourced from recycled or scrap materials.

Plasman Suppliers must establish a similar process through the supply chain to provide Plasman with the requested information based on objective evidence.

Plasman may be required, and may cascade to Suppliers, to support Customer audit inquiries of the diligence process and reported data in accordance with SEC audit standards, including the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas".

Finally, it is Plasman's policy to avoid using conflict minerals originating in countries that fund illegal armed groups, according to relevant country legislations. Plasman expects its Suppliers to also avoid such use and to cooperate with the resourcing of materials as determined by Plasman and Plasman's Customers.

Additional information on conflict minerals reporting can be found at: http://www.aiag.org and http://www.conflict-minerals.com.

2-Commodity Sourcing

Plasman only uses approved Suppliers in their supplier base (this approval includes Suppliers that are Customer directed/mandated or approved by Plasman itself).

2.1 Potential New Suppliers

A potential new Supplier is a Supplier identified by Purchasing after the initial contacts/visit as a possible Supplier to start working with Plasman.

Purchasing will request several pieces of information and commitments from the supplier, including a self-assessment and a non-disclosure agreement (NDA).

Upon Purchasing's request, a Supplier Quality Engineer (SQE) will begin to perform the Potential Analysis of the Supplier on-site. This assessment will include an operational part and a sustained development part. After a successful assessment, the Supplier will be included in Plasman´s Supplier list. In the event that the SQE detects that the Supplier is not compliant with any of Plasman's requirements, an action plan will be issued, and only after the SQE validates the compliance with Plasman's requirements will the Supplier be added to Plasman's approved Suppliers list.

Failure to comply with these basic requirements prevents the Supplier from being awarded any new business.

2.2 Request for Quotation (RFQ)

The Request for Quotation (RFQ) is the default process used to notify Suppliers of a new business opportunity.

Potential Suppliers will be forwarded a new business notification cover letter accompanied by the RFQ package. The RFQ package contains confidential material that cannot be shared with other parties without prior written consent from Plasman. The RFQ package shall include, but not be limited to, a valid 2D or 3D drawing (with special characteristics identified, if applicable), associated engineering and technical specifications, general terms and conditions, volume, milestones, and any other relevant information that allows the Supplier to conduct a feasibility review and generate a quotation package.

The Supplier is required to confirm the capacity and feasibility study requirements when submitting the quotation. The supplier can ask a technical review to clarify any doubts.

The Supplier is required to comply with a non-disclosure agreement (NDA).

Responses not submitted within the prescribed time limit or using the forms provided may be disqualified at the discretion of Plasman. An on-site visit and/or assessment by Plasman may be required to provide objective evidence of the adequacy of the potential Supplier's quality systems and manufacturing capabilities to complete the specific business.

2.3 Awarding Notification

Suppliers will be notified only if they are successful in the RFQ process. The business award decision is Plasman's except in the case of mandated/directed Suppliers where the award decision belongs to the OEM.

3-Advanced Product Quality Planning (APQP):

Plasman plans their products and processes using Advanced Quality Planning following the AIAG APQP manual or any Customer Specific Requirements when requested.

3.1 Product Quality Timing Plan

Suppliers must submit to Plasman an Advanced Product Quality Timing Plan in accordance with the AIAG APQP reference manual for review and approval by the Supplier Quality Engineer. This plan shall include, but not be limited to, the following phases with correspondent key deliverables and milestones:

- planning and definition,
- product design and development,
- process design and development,
- product and process validation,
- production launch, and
- feedback, assessment, and corrective actions.

The SQE can request to verify the evidence of the feasibility of the supplier APQP timing plan, for example, but not limited to, by requesting the activity breakdown, a risk assessment for critical deliverables, the sub-suppliers' timings confirmation (if applicable), and/or agreement to APQP follow-up meetings.

In accordance with the AIAG APQP reference manual, regular reviews must be conducted by the Supplier and records must the kept.

Suppliers are required to maintain an updated APQP timing plan, present it immediately upon request, and immediately inform Plasman if the agreed milestones are at risk. These requirements shall be cascaded in the corresponding supply chain.

3.2 High Impact Suppliers (HIS) and/or Parts and Components

Before a Supplier is awarded, Plasman will make a Risk-Assessment and the output may be that the Supplier is High Impact (high risk or critical) for the program.

A Supplier that meets one of following conditions will be considered HIS:

- A component or product is a new technology or produced by new technology processes or whose function is otherwise determined by the project team to have significant impact on the product.
- Plasman has never worked with the Supplier before, or the product, process, technology, or location is new.
- There have been major changes in the organization.
- A Supplier that is mandated by the Customer (a “directed” source) may also be high impact.
- A Supplier that is not IATF 16949 certified and is under Supplier development.
- Other situations that are assessed by the sourcing committee.

A Plasman Purchasing representative shall organize one APQP “kick-off” meeting, with a technical review of the drawings, specifications, and special characteristics to ensure that the Supplier clearly understands Customer specific and Plasman’s requirements. The APQP timeline and deliverables should be reviewed and approved.

Proposed product and process controls shall also be reviewed for their robustness. If required, Plasman and/or Customer Engineering shall approve tool design and definition.

If required by Purchasing, the requested members of Plasman and correspondent counterparts of the Supplier must attend this meeting (e.g., Engineering, quality, design, etc…).

In this meeting, the Cross-Functional Team is defined to work with the assigned SQE to achieve a timely and successful PPAP.

3.3 Special Characteristics

Special Characteristics (SC) refer to a product characteristic or manufacturing process parameter that can affect safety or compliance with regulations, fit, function, performance, requirements, or subsequent processing of the product.

A SC is intended to provide information regarding design characteristics that require special attention to process controls. It may be considered a SC if it leads directly to a product function failure regarding safety, fit, form, performance, or further processing of the product or affects the compliance with government regulations and industry standards.

SC are identified to minimize risk, for example, scrap, re-work, non-conforming product, and assembly errors. Properly defined SC will ensure effective process controls and will also impact Customer claims, product warranty claims, and recalls once the risk is mitigated.

SC may be organization-specific or customer-specific designations. Customer specified SC symbols can be translated into the organization´s symbols for SC (e.g., correlation table).

These characteristics should be communicated/agreed on initially during the APQP planning and definition phase and reviewed as necessary during the development/implementation phases.

Special characteristics shall:

- Comply with the AIAG-VDA FMEA handbook.
- Comply with Plasman's specified definitions and symbols (see below), and, if required, comply with Customer notifications.
- Be identified in process control documents including drawings, FMEAs, control plans, and operator instructions.

PCCn – Critical Characteristic: Is a product characteristic where the variation impacts safety or compliance with government regulations.

It is normally rated with a severity of 9 to 10 and P-FMEA.

The use of statistical techniques is required to determine process stability/capability of product/process critical characteristics (Cmk/Ppk/Cpk – Index). Once stability/capability is established, the use of 100% control and/or preventive Poka Yoke is required.

- The Plasman symbol is **PCCn** (where "n" represents the Special Characteristic number)

PSCn - Significant Characteristic: Is a product characteristic where the variation will not have as large of impact as a PCCn, but will impact the end user with primary function loss and/or a secondary function loss or

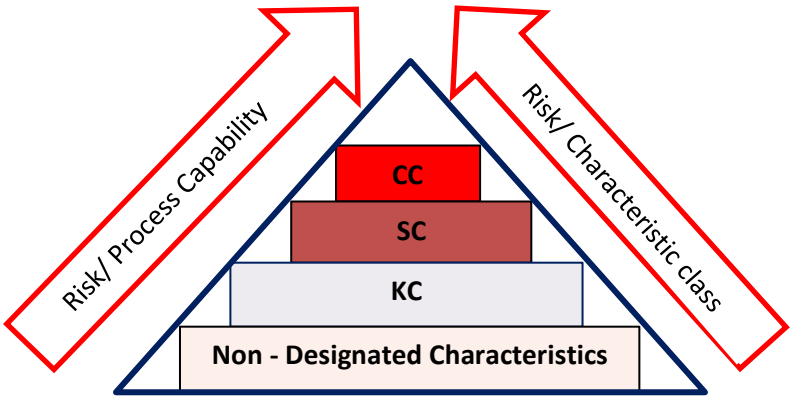
degradation. The corresponding effect in the own plant or "ship to plant" can be found in the Severity tables of the AIAG-VDA FMEA Handbook. It is normally rated with a severity of 5 to 8 and with an occurrence of 4 or above in P-FMEA. The use of statistical techniques is required to determine process stability/capability of product/process significant characteristics (Cmk/Ppk/Cpk – Index). Once stability/capability is established the use of preventive/detective Poka Yoke and/or ongoing statistical process control (SPC) is required.

- The Plasman symbol is **PSCn** (where "n" represents the special characteristic number)

PKCn - Key characteristic: Is a product or process characteristic (e.g., temperature, pressure, speed, etc…) which has been reduced from a significant characteristic following the P-FMEA analysis, but still requires special process controls. For example, if the severity is 5 to 8 and the occurrence is less than 4. As a minimum, key characteristics should be checked at the start of each shift or tool-run and/or tool change.

- The Plasman symbol is **PKCn** (where "n" represents the special characteristic number)

Note 1: Special Characteristic should be identified in process control documents including drawings, FMEAs, control plans, and operator instructions.
Note 2: Reinforcement of the **Action Priority Table for PFMEA** is expected according to table C 2.5 of AIAG- VDA FMEA Manual.



Special Characteristics Pyramid

3.4 Product/Process Stability and Capability

Critical and significant characteristics are under statistical process control. Therefore, all special or assignable causes must be identified and controlled before the production release. Common causes of process variation should be addressed for continual improvement.

If the output of the product or process design is not defined as Critical or Significant, the Supplier is required to select the most significant characteristic for criticality Severity Vs Occurrence (SxO) of PFMEA for initial/long-term capability studies. A capability study is required as an annex to Layout Inspection.

Key Characteristics may also be requested (by the Customer or Plasman) for the initial process capability study and be part of PPAP. Production trial run should prove the stability and capability of machine, process, and part/component significant characteristics.

The level of control shall be agreed upon and established in the production control plan, including frequency, method of check, sample size, and method of record. If significant characteristics are not stable or capable, a 100% inspection or Poka Yoke must be installed until stability and capability are recovered.

100% control and/or preventive Poka Yoke is required for Critical Characteristics.

Minimum capability index requirements:

Critical Characteristics (CC)

Cpk ≥2.00

Ppk ≥ 1.67

Significant Characteristics (SC)

Cpk ≥ 1.67

Ppk ≥ 1.33

Note 1: Ppk must be calculated using a minimum of 50 consecutive parts from a production run. Parts must represent all the cavities, tools, cells, etc. (as described in the current version of the AIAG PPAP reference manual). Each cavity, tool, and/or cell must be studied separately.

Note 2: Cpk must be calculated using a minimum of 25 sub-groups of 4, monitored and recorded at an adequate frequency to ensure control. Each cavity, tool, and/or cell must be studied separately.

3.5 Potential Failure Modes & Effects Analysis

There are two main approaches to FMEA - the analysis according to product functions (Design FMEA) or according to process steps (Process FMEA). Monitoring and System Response – MSR FMEA, is a complementary FMEA that Suppliers are encouraged to implement if applicable but this is not a requirement of this manual. In case of CSR, it will be agreed upon and requested during the APQP relevant phases.

FMEAs shall be prepared and maintained by the Supplier and must comply with the guidelines outlined in the AIAG - VDA Failure Mode and Effects Analysis FMEA handbook.

The **Design FMEA** analyzes the functions of the system, subsystem, or components of interest as defined by the boundary shown on the elements on the block/boundary diagram. This enables the identification of possible design weaknesses to minimize potential risks of failure.

If the Supplier is design responsible, a Design FMEA is expected to be generated and maintained by the Supplier. Plasman reserves the right to participate in supplier D-FMEAs.

The Process FMEA (PFMEA) analyzes the potential failures of manufacturing, assembly, and logistical processes to produce products that conform to design intent. Process-related failures are different than the failures analyzed in DFMEA.

The FMEA analyzes processes by considering the potential failure modes that may result from process variation to establish priority of actions for prevention, and as needed, improved controls. By analyzing the process and taking actions prior to the production start, unwanted defects related to manufacturing and assembly and the consequences of those defects will be avoided.

The Process FMEA is intended to represent the process flow and describes the flow of the product through the processes. Plasman reserves the right to participate in supplier P-FMEAs.

The action priority method (AP) should be used and the AP Matrix as a base for risk analysis of high-medium-low priority actions.

For Critical and Significant Characteristics, either the Customer or Plasman reserves the right to agree to the outcome of the AP Matrix.

PFMEAs shall be reviewed with each corrective action taken on the process detailed, and updated any time there is a corrective action taken that provides further information regarding failure modes, occurrence, or detection. Each step of the PFMEA, Flow Diagram, and Control Plan shall be numbered/annotated consistently for each process step to ensure all steps have been considered.

Note: The Supplier can choose to use the AIAG or AIAG-VDA Manual, however, for specific New Programs, Carry-Overs, or Running changes one of the versions might be requested, depending on Customer Specific Requirements.

3.6 Control Plans

The Supplier shall develop control plans (in accordance with IATF16949 - Annex A) at the system, subsystem, component, and/or material level for the relevant manufacturing site and all products supplied, including those for processes producing bulk materials as well as parts. Family control plans are acceptable for bulk material and similar parts that use a common manufacturing process. Plasman requires that the Supplier shall have a control plan for:

- Prototype CP:
  Includes the description of the special characteristics (CC/SC/KC), dimensions, materials, functions, and performance testing expected to occur during prototype build.

- Pre-launch CP:
  Includes the description of the special characteristics, dimensions, materials, functions, and performance testing expected during production trial runs, prior to start-of-production, and 90 days or 3,000 parts (whichever is greater) after the start of serial production. An early product containment process is required. The pre-launch control plan normally details larger sample sizes and increased frequency of check to ensure that all potential non-conformities are identified and acted upon prior to production release. This shall include 100% inspection for all visual attributes and special sharacteristics unless otherwise specified by the SQE.

- Production CP:
  That shows linkages and incorporates information from the design risk analysis (if provided by the Customer), process flow diagram, and manufacturing process risk analysis outputs (such as FMEA), description of special characteristics product and process controls, gauge controls, and reaction plans that will exist in serial production.

3.7 Supplier Equipment, Tools, and Gauges

Supplier equipment and tooling (e.g. dies, patterns, molds, special tooling, etc.) shall be permanently identified with Plasman (or Customer) by Owner name and Reference (part number/drawing and the proper engineering level). The Supplier is responsible for keeping a historical data log – part history should be updated and must be made available immediately upon request. The Supplier shall establish and document a preventive and predictive maintenance process for all equipment, tooling, and gauging. Preventive and predictive maintenance plans and records shall be maintained and made available upon request.

Supplier equipment, tools, and gauges used in the manufacturing of Plasman products shall not be sold or consigned to another entity without prior notification and written consent. For any change to the approved working place and conditions it is the Supplier's responsibility to contact Plasman regarding permission, conditions, safety stock, and potential production part approval process (PPAP) requirements.

3.8 Supplier Readiness Review

A Plasman plant representative, Supplier Quality Engineer (SQE), purchasing representative, or Senior Supplier Quality Engineer (SSQE) may conduct a Supplier readiness review at the Supplier's facility prior to PPAP to confirm production readiness. The readiness review agenda will be agreed upon according to Customer Specific Requirements or risk assessments made during the APQP phase.

The output of a Supplier readiness review can be a list of actions required before PPAP submission in case of deviations. The root cause analysis and the corrective action plan must be accepted by Plasman's lead auditor who can also request a follow up audit to verify the effectiveness of the corrective actions.

3.9 Sub-Supplier Control

When specified by Plasman or Plasman´s Customer, the organization shall purchase products, materials, or services from customer-directed sources. All requirements of IATF 16949, Section 8.4 (except the requirements in IATF 16949, Section 8.4.1.2) apply to the organization's control of the customer-directed sources unless specific agreements are otherwise defined by the contract between the organization and the Customer.

The Supplier shall establish the inspection or other activities necessary to ensure that the purchased product meets specified purchase requirements, including regulatory requirements.

Suppliers shall promote and include sub-supplier monitoring of the performance of their manufacturing processes, including applicable annual CQI requirements, and provide evidence of these assessments upon request. Plasman reserves the right to audit n-tier the supply chain between the Customer and Supplier.

4-PPAP Basic Requirements (for approval of new or revised parts)

PPAP submissions and requirements shall apply to all Suppliers providing production parts (including catalog parts), service parts, or production materials. All production part sample submissions shall be in accordance with the AIAG Production Part Approval Process (PPAP) manual's latest revision or applicable Customer Specific Requirements, if requested by Plasman (e.g. VDA Production process and Product Approval (PPA) manual).

In addition, other Customer Specific Requirements may also be required (see section 4.4 for clarification). Level III PPAP is the default submission level unless otherwise specified and agreed upon with the Plasman Buyer and SQE in written form.

Additional VDA-PPA requirements will be supplemental and in addition to PPAP requirements depending upon Plasman's Customer Specific Requirements.

Supplier PPAP submissions shall include declarations stating that all materials, parts, components, heat treatments, and surface finishes meet specified purchase requirements. Individual sub-supplier Part Submission Warrant (PSW) and/or additional PPAP documentation may be requested by Plasman SQE. PPAP samples shall be clearly identified with a PPAP label on each container.

Full or interim PPAP approval must be established prior to shipping parts/components to any Plasman plant.

Plasman does not accept charges for PPAP documentation and samples.

4.1 PPAP Timing Plan and PPAP Phase Reviews

As requested in 3.1, Suppliers are required to submit to Plasman an Advanced Product Quality Timing with the following phases and correspondent key deliverables and key milestones:

- planning and definition,
- product design and development,
- process design and development,
- product and process validation,
- production launch, and
- feedback, assessment, and corrective actions.

At least for these phases, Suppliers must inform Plasman regarding the output of the phase review.
In special cases, Plasman must agree with the actions planned in case of deviations from the initial plan.

4.2 Significant Production Run (SPR)

Plasman requires a Significant Production Run (SPR) for all new part introductions, and this is the basis for the PPAP. This sample run shall be conducted under serial conditions, which means using production tooling/equipment, environment (including production operators), facility, and cycle time.

The effectiveness of the SPR is directly linked to an adequate quantity of parts being produced to allow for:

- Overall process stabilization,
- Accurate calculation of manufacturing cycle time,
- Determine production through-put time,
- Capacity assessments, and
- Completion of capability studies.

Plasman requires a minimum of 8 consecutive hours or 300 parts (whichever is greatest). This number can be increased due to any CSR. The Supplier can also increase this number of parts. Any reduction of the agreed upon minimum quantity must be confirmed with Plasman SQE.

Suppliers shall ensure that enough parts are produced during the SPR and that the processes are fully tested. PPAP samples must be taken from the parts produced during the Significant Trial Run.

The SPR also provides a good opportunity to identify and correct potential manufacturing process bottlenecks. The capacity calculated from the SPR results should consider the actual Overall Equipment Effectiveness (OEE) results from the process and include any planned downtime.

4.3 Documentation Requirements

If nothing is specified, the PPAP submission level is 3.

In addition to AIAG PPAP documentation, the Capacity (OEE results) from production trial run, Sub-suppliers PSW, and IMDS declaration should be part of the supplier PPAP documentation,

Level and requirements will be agreed upon with the Plasman SQE, but standard requirements are above. PPAPs cannot be approved based on Supplier's drawings.

The SQE may ask for the submission of additional information. Prior to submission, Suppliers should contact the SQE to determine if additional documentation is required. Proprietary documents that cannot be submitted must be available for review. Suppliers may be required to travel to Plasman for this review. The requirements associated with IMDS reporting are required for the full approval of the PPAP. IMDS information must be submitted and approved prior to submitting the PPAP documentation.

To avoid delays and deviations, Suppliers should ensure that these requirements are started upon receiving the initial sample order. Suppliers will be notified regarding the status of the PPAP (approval, rejection, or interim approval), with a copy of the signed PSW.

4.3.1 PPAP Submission Level and Plasman Requirements Table:

Requirements	Level 1	Level 2	Level 3	Level 4	Level 5
1 - Design Records	R	S	S	*	R
2 - Engineering Changes if Any	R	S	S	*	R
3 - Customer Engineering Approval, if required	R	R	S	*	R
4 - Design FMEA	R	R	S	*	R
5 - Process Flow Diagrams	R	R	S	S	R
6 - Process FMEA	R	R	S	S	R
7 - Control Plan	R	R	S	S	R
8 - (MSA) Measurement System Analysis Studies	R	R	S	*	R
9 - Dimensional Results	R	S	S	S	R
10 - Material and Performance Test Reports	R	S	S	S	R
11 - Initial Process Studies (SPC)	R	R	S	*	R
12 - Qualified Laboratory Documentation	R	S	S	*	R
13 - Appearance Approval Report (AAR), if applicable	S	S	S	S	R
14 - Sample Product	R	R	S	*	R
15 - Master Sample	R	R	R	*	R
16 - Checking Aids	R	R	R	*	R
17 - Records of Compliance with Customer Specific Requirements	R	R	S	*	R
18 - Part Submit Warrant (PSW)	S	S	S	S	R
19 - Picture of the Sample part (3 Views) **	S	S	S	S	S
20 - Approved IMDS Report **	S	S	S	S	S
21 - Agreed Packaging instruction **	S	S	S	S	S
22 - CAR (Capacity Analysis Report) **	S	S	S	S	S
23 - Early Containment Instructions **	S	S	S	S	S
24 - Picture of tool Identification **	S	S	S	S	S
25 - QAP (Quality Assurance Plan) –completed **	S	S	S	S	S

S The Supplier shall submit a copy of the records or documentation and retain a copy at appropriate locations.
R The Supplier shall retain at appropriate locations and make available to Plasman upon request.
***** The Supplier shall retain at appropriate locations and submit to Plasman.
****** Plasman Specific Requirement

4.3.2 Certificates of Conformance

A certificate of conformance of products or services must be issued and sent as agreed upon. A copy shall be retained by the Supplier and be made available immediately upon request. The certificate of conformance must be evidence of compliance according to specifications and shall represent the actual physical test results and/or material analysis of the supplied product.

4.3.3 European ELV Directive, IMDS, REACH, and Requirements of Machine Directive

The European End-of-Life-Vehicle (ELV) Directive 2000/53EC imposes specific rules and guidelines for materials used in motor vehicles. Suppliers are responsible for complying with ELV Directives and shall use the International Material Data System (IMDS) for reporting the material and substance composition of all products supplied.

Suppliers must report the material and substance composition of all products supplied in IMDS or other Systems. Suppliers are accountable for the liability of the information submitted. In the event of a Supplier's non–compliance, all costs incurred in such instances shall be transferred to the Supplier.

Suppliers must comply with The European Directive EC 1907/2006 (REACH) and provide the proper corresponding report. Material Safety Data Sheets must be provided for all applicable parts and materials during the PPAP approval process and during the serial or spare parts production periods.

Suppliers from outside the EU must deliver registered substances directly, as Plasman is not an importer. All substances delivered to Plasman must be registered on time at the European Chemistry Agency (ECHA).
All machines delivered to Plasman in Europe shall be CE Marked, and a declaration of conformity regarding EU Machine directive EC 2006/42 needs to be provided to Plasman.

In the event of delivering products assembled in vehicles for Volkswagen and its subsidiary brands, Suppliers are required to comply and assure compliance in the supply chain with Environmental Standards VW 91101 and VW 91101 Supplement 1.

4.4 Product Re-qualification and Layout Inspection

Layout inspection is the complete measurement of all product dimensions as shown on the design record(s) and is limited to dimensional measurements and requirements.

Layout inspection is part of the Product Requalification if required by the Customer. Product Requalification normally implies the full validation of all product approval requirements. Functional Testing is normally limited to performance and material results.

At minimum, a Supplier shall conduct layout inspection annually for each active product supplied to Plasman to assure conformance to standards and specifications as specified.

Another periodicity can be requested/agreed upon depending on the criticality of the part or the Customer Specific Requirements.

On-Going Layout inspection and functional requirements shall be specified in the Control Plan. Results shall be kept by the Supplier during the legal/agreed upon period. The most recent (or other if required) layout inspection results must be made available immediately upon request.

If Customer Specific Requirements exist, then those requirements (including layout inspection and functional testing requirements) are also included in the Control Plan.

A qualified laboratory shall conduct material testing with the laboratory's third-party certificate and scope being available upon request.

If any nonconformity is identified during annual layout inspection, the Supplier shall notify the Quality Department in each Plasman location receiving the product immediately. Containment actions should be taken immediately, and a risk assessment with traceability to affected deliveries (past, in transit, or receiving location) must be provided to Plasman.

The root cause analysis, permanent corrective actions, and their effectiveness shall be provided to Plasman. PPAP re-submission might be requested.

Plasman does not accept charges for initial, annual layout inspection/re-qualification, or re-submission of any PPAP documentation and samples.

5-Launch Management

The Supplier must install new product containment during the pre-production phases until 90 days or 3000 pieces/units, whichever is the greatest, after SOP. This period or number of parts might change if a specific Customer Specific Requirements is not covered by these criteria.

The Supplier may be required to provide the results of the new product containment by Plasman's SQE with the reporting frequency and exit criteria according to the criticality of the parts.

5.1 New Product Containment

Plasman requires a pre-launch control plan that is a significant enhancement to the Supplier's production control plan to protect Plasman and validate the Supplier's production control plan.

Pre-launch control plan and New Product Containment Activities must be agreed upon with the SQE.

5.2 New Product Containment Exit Criteria

Suppliers are required to inform Plasman about the exit of New Product Exit Containment Activities with a break point and identify the first 3 deliveries accordingly. If the Supplier cannot meet the exit, criteria actions must be taken and approved for improvement and a new PPAP can be requested.

6 Logistic Requirements Guidelines:

Logistics requirements assure the fulfillment of Customer Specific Requirements, Plasman Requirements, and legal and regulatory requirements. For this reason, Suppliers are required to comply with the following guidelines. Specific questions or concerns must be addressed to the Plasman Logistics Representative.

6.1 Packaging

6.1.1 Packaging Instructions

Packaging shall be included in any quotation to Plasman. Packaging Approval shall either be conducted in pre-production trial runs or during the PPAP approval process. Although Packaging Concept is out of the scope of this manual, packaging instructions shall be approved by Plasman Logistics and consistently applied. Alternative packaging is required to be part of the packaging instruction.

The approved packaging instruction must be submitted within the PPAP documentation.

In the event of alternative packaging needs to be used, Plasman shall be informed prior to shipment in written form with the reason for the need. Plasman reserves the right to refuse.

6.1.2 Returnable Containers

Customer-owned returnable containers shall be treated as Customer-owned property. It is the Supplier´s responsibility to comply with specific handling and preservation procedures shall be applied.

Suppliers are responsible for removing all expired labels and debris from containers before packaging new material. Suppliers are responsible for ensuring that all containers are clean and operational.

Only safe containers SHALL be used to transport products.

6.2 Labeling

Supplier labeling shall be part of, and in conformance with, packaging instructions. Instructions must be agreed upon with the Plasman Logistics/Materials Representative. Customer Specific Requirements may apply.

Part shipping labels shall comply with the layout formats defined in the latest AIAG or VDA Standards. If there is no specific agreement, by default labels should be in accordance with the latest valid version of VDA 4902 or ODETTE.

Barcodes shall comply with the Automotive Industry Action Group standard (AIAG-B10) B-10 Label Specification or applicable VDA Standard.

6.3 Identification and Traceability

According to IAFT16949, identification and traceability for products shall be maintained throughout the Supplier's production and handling processes, from raw materials to finished goods, unless otherwise agreed upon with Plasman.

6.4 Orders: Schedule Call, Material Planning, Forecast, and Orders

Material forecasting information will be communicated to the Suppliers for their regularly scheduled releases. This information should be taken as an indication of future material requirements and the intent is for Supplier planning purposes only and does not constitute an official order or release authorization. Suppliers are accountable for the risk associated with lead times for their n-tier Suppliers, where quantities extend beyond those required to support Material Releases. Suppliers shall plan and maintain sufficient safety stock and finished goods inventory to ensure 100% on-time delivery.

Short shipments or any delivery discrepancy shall be immediately communicated, and a proper recovery plan provided (that requires Plasman approval) with root-cause analysis and corrective actions.

Suppliers of production parts shall maintain the ability to provide aftermarket and service components for the agreed upon period of the specific program. This should be 15 (fifteen) years minimum. The Supplier is responsible for maintaining any tooling and/or assembly equipment in proper conditions for the requirements.

6.5 Communication

The supplier must have the capability to receive forecasts and shipping schedules electronically.

Plasman requires EDI by default. If the Supplier is not able to use EDI, they must inform the Plasman Purchasing Buyer during the quotation phase. It can be discussed with Plasman to receive approval for the use of other customer-specific, web-based tools (e.g., Web EDI, Web Portal). A contingency communication plan, to be used in extreme conditions, is recommended to be agreed upon with Plasman in advance to mitigate the risk of delays in the event of electronic disruption.

6.6 Freight Documentation

If you need further information, please also contact Plasman's Logistics/Material representative.

6.6.1 Delivery Note

Delivery notes must comply with legal requirements. For Logistics proposes, deliveries of multiple products (e.g. a single palette with several product references) will only be accepted if:

- Prior written permission was received by Plasman Logistics/Material Representative,
- Each container on the palette is clearly labeled,
- Each product type is packaged in a separate container, and
- The delivery note clearly states contents of the palette.

Note: If the Supplier does not comply with the above, the delivery will be rejected, and costs may be applied.

6.7 Freight Insurance

Freight insurance must be agreed upon between the Supplier and Plasman.

6.8 Delivery Discrepancies

All deliveries must be made in accordance with Plasman call-offs/orders and this manual's requirements.

Any deviation from a schedule or Kanban call/order must be agreed upon in writing with Plasman's Logistics/Materials representative prior to shipment. Failure to obtain written approval prior to delivery will result in rejection.

Suppliers are required to have business contingency plans in place to ensure continuity of supply in the event of a disruption (due to natural causes/ disasters or not). These contingency plans shall be reviewed on a regular basis (at least annually).

Suppliers shall immediately notify all Plasman Receiving Plants the moment they become aware of any potential supply disruption and must initiate emergency actions coordinated with Plasman's Design Representative to minimize the risk or impact of the disruption.

6.9 FEFO, FIFO, Storage, and Inventory

The Supplier shall use an inventory management system that ensures inventory optimization and turns overtime and stock rotation. FEFO (First Expire, First Out) is mandatory. When not relevant (products without expiration date), then FIFO (First In, First Out) will be mandatory. Obsolete products shall be considered and controlled as non-conforming products.

7-Non-Conforming Product

All products must be delivered according to all agreed upon specifications (including TCP, Packaging, and PPAP samples). If the Supplier detects that any non-conforming product has been delivered to Plasman, they are obliged to immediately inform Plasman through writing and agree to implementing further actions to protect Plasman and the Customer.

If Plasman detects supplied non-conforming products, they will raise a formal complaint and the Supplier must react accordingly.

7.1 Emergency Response Action

After receiving one claim from Plasman, the Supplier shall notify Plasman within 24hrs the details of the first 100% certified delivery, including, but not limited to, the delivery note number, quantity, method of identification (product and packaging), means of transport (premium freight), and estimated time of arrival. Such notifications must be provided to the receiving facility(s) prior to the receipt of a replacement and/or new delivery.

7.2 Controlled Ship Level 1 (CSL1)

Suppliers shall implement Controlled Ship Level 1 (CSL1) immediately upon receiving notification of rejection. The goal of CSL1 is to clean the entire supply system of any non-conforming material and protect Plasman from receiving any additional defective product. The supplier is required to quarantine and sort all potential non-conforming products within their facility, at their sub-suppliers, in transit, and at Plasman or Plasman's Customers' facilities.

After a rejection, Suppliers will certify the product has occurred and a break (or clean) point must be given to Plasman. Additional labels with CSL1 certification will be required.

CSL1 actions/methods, reporting, and exit criteria must be agreed upon with Plasman's Supplier Quality Representative.

Containment actions must not be removed before a permanent corrective action has been validated and considered effective by Plasman.

7.3 Controlled Ship Level 2 (CSL2)

If the Supplier fails to comply with CSL1 certification or in the case of a repetitive defect, they will be requested to implement a CSL2. Controlled Ship Level 2 (CSL2) is defined as the implementation of additional controls by an impartial third-party selected/approved by Plasman at the expense of the Supplier. Additional labels with CSL2 certification will be required.

Although CSL2 implementation responsibility is on the Supplier, actions/methods, reporting, and exit criteria must be agreed upon with Plasman's Supplier Quality Representative. Containment actions must not be removed before a permanent corrective action has been validated and considered effective by Plasman.

7.4 Corrective Action

When a non-conformity occurs, the Supplier is required to establish an adequate muti-functional (or Cross-Functional) Team and use a problem-solving approach and techniques, such as 8D methodology. 8D shall be based on proper quality tools when determining root cause, such as, but not limited to, the Ishikawa diagram (fishbone), 5 Why's, DDW, and Design of Experiments (DOE). The method of root cause verification shall also be determined.

Chosen permanent corrective actions and the timing to implement them (with activities breakdown) shall be communicated to Plasman within 14 days (about 2 weeks) from the original rejection date. Implementing the corrective actions must be secure to avoid disruptions, and the timing/activities to implement shall be coordinated with Plasman.

The effectiveness of corrective actions shall be evaluated by the Supplier and accepted by Plasman SQE to close the 8D. An on-site audit might be required depending on the non-conformity and the implemented corrective action.

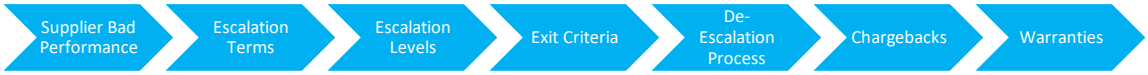
7.5 Improvement: Risk Analysis and Preventive

Suppliers shall include in their risk analysis, at minimum, lessons learned from product recalls, product audits, field returns and repairs, complaints, scrap, and rework.
Suppliers shall determine and implement action(s) to eliminate the causes of potential non-conformities to prevent their occurrence in the future.

Preventive actions shall be risk assessed and addressed considering the severity of the potential issue. Suppliers shall establish a process that evaluates the impact on negative effects of risk, including:

- potential non-conformities and potential root causes,
- actions to prevent occurrence of non-conformities,
- prioritization of the actions, and
- document and monitor the information of action taken, the results, the evaluation of the effectiveness of the actions, and lessons learned, where applicable.

7.6 Supplier Escalation Process



In the case of bad performance, the Supplier will be notified through a formal complaint and, in the case of a more critical issue, through a formal Escalation Letter with the reason for the escalation. Plasman´s Case Leader will be assigned to support the escalation process and the exit criteria.

7.6.1 Terms

CSL 1- Controlled Shipping Level 1 (Quality wall at the Supplier's location)

A Quality wall must be installed by the Supplier immediately after receiving a notification of a rejection.

The goal of CSL1 is to cleanse the entire supply system of any non-conforming material and protect Plasman from receiving any additional defective product. The supplier is required to quarantine and sort all potential non-conforming products within their facility, at their sub-suppliers, in transit and at Plasman or Plasman's customers' facilities.

Containment Level 1 action and criteria must be agreed upon with Plasman Representative. Containment must not be removed before a permanent corrective action has been validated and considered effective by Plasman.

CSL 2 - Controlled Shipping Level 2

This Quality wall is installed when CSL1 fails and completed by a third-party company approved by Plasman and/or their Customer at the Supplier's expense.

The goal of CSL2 is to assure that the receiving Plasman plant only receives NOK parts. The third-party company is required to sort all quarantine and all potential non-conforming products within the Supplier facility, at their sub-suppliers, in transit and at Plasman or Plasman's customers' facilities. After cleaning the pipeline, CSL2 will be completed in the Suppliers' producing plant and the shipped products will be certified by the third-party company.

Containment Level 2 actions and exit criteria must be agreed upon with the Plasman Quality Representative. Containment must not be removed before a permanent corrective action has been validated and considered effective by Plasman.

BOT- Back on Track

NBH- New Business on Hold

DR- Disturbance Report - Deviation report before final cause is identified.

QCR - Quality Complaint Report
8D Report - Problem solving tool for answering our request for action.

The escalation and de-escalation procedures are carried out based on the criteria defined at each level. Based on the criteria, Plasman´s actions and the Supplier's actions are carried out on the Supplier. The procedure is carried out when there is a quality deviation from the Supplier. One or more criteria shall be satisfied for this process. The criteria levels, Plasman's actions, and the Supplier actions are discussed below.

7.6.2 Escalation Process Levels

Level 0: *Criteria:*

- Non-conformities detected in the field
- Customer claims
- Duration and severity of the problem
- Major disruptions (production line stop at Plasman or for Plasman´s Customer)

Plasman´s plant leads this process. The Supplier shall describe the problem and take immediate actions to secure the next shipment does not have the same deviation. This action shall be completed within 24 hours (8D report D1 to D3). The Supplier shall provide an update on analysis of the problem and short-term actions within 7 days (8D report D4 to D5). The Supplier shall provide long-term actions to prevent recurrence of the problem within 14 days (8D report D6 to D7). The supplier is also responsible for discussing the problem with the Quality Engineer, along with action plans and BOT.

Level 1 *Criteria:*

- 1st case continues after containment.
- Repeated deviations after implementation of corrective action.
- No approved long-term actions within 14 days.
- Failure to close 8D's in a timely manner.

At this level, the plant Quality Technician and Quality Manager are responsible for the actions. The plant Quality Technician escalates the issue to the Quality Manager when one or more criteria are reached. The Quality Manager can request spot support from any other function and should implement quality wall/CSL 1 at the Supplier's end, where applicable. The Supplier shall implement the quality wall as per Plasman's request.

Level 2 Criteria:

- 1st case continues after containment.
- Repeated deviations after implementation of corrective action.
- Long-term actions unapproved within 20 days or as requested by Quality Manager.

At this level, a team of Quality Engineers, Supplier Quality Engineers, and more is formed with the defined case leader. The team implements the corrective actions under their supervision. They are responsible for escalating the issue to the next level and informing the Plant Manager. Plasman´s case leader can request and implement quality wall/CSL 2 at the Supplier´s location, when applicable. The Supplier shall implement the quality wall as per the internal case leader's request.

Level 3 Criteria:

- Root cause unidentified and problem not solved within the escalation level 2 requirements.
- Additional nonconformity is detected at any Plasman facility within level 2 containment period.

At this level, the Purchasing manager is responsible for definition of the actions. The Purchasing Manager shall request the change of Supplier, where applicable.

7.6.3 De-escalation process

After the Supplier provides evidence that they have improved the processes and that Plasman and Plasman's Customers are confirmed to receive NOK products, the Supplier will be elected to start the de-escalation process.

De-escalation from Level 2 to Level 1*:*

The Supplier must go a consecutive 90 days without any quality deviation. The internal case leader should de-escalate the issue to Level 2 and notify the Supplier about removal of CSL 2 from their location.

De-escalation from Level 1 to Level 0:

The criteria are the same as the Level 2 to Level 1 de-escalation process. The Quality Manager should de-escalate the issue to Level 0 and notify the Supplier about the removal of CSL 1 from their location. The Quality Manager can delegate this to the Quality Engineer.

7.7 Supplier Non-Conformance Chargeback

Incurred costs that are directly attributable to a Supplier's non-conforming product and/or logistics/materials performance will be invoiced to the Supplier. These costs may include, but are not limited to, administrative costs or customer´s fees, sorting and/or rework, premium or special freights, loss of productivity, scrap, and any other costs incurred by Plasman and/or by Plasman's Customers. That accountability for non-conformance belongs to the Supplier.

7.8 Warranty Management Process

Suppliers must implement a warranty management process with a warranty part analysis method, including NTF (no trouble found). By Plasman request or Plasman's Customer Specific Requirements, Suppliers shall use a process that complies with these requirements that can be, but is not limited to, VDA - Field Failure Analysis (FFA) or the Automotive Industry Action Group (AIAG) - CQI 14.

8-Supplier Change Request (SCR)

8.1 Intended Permanent Change

Suppliers and/or sub-suppliers are not allowed to make any changes (these will be considered unauthorized changes) to products (e.g. material, parts, components, etc…) and/or processes used to produce or modify any Plasman product, and that has previously been PPAP approved by Plasman.

This may include changes to production control plans if not the result of an approved 8D permanent corrective action implementation.

The Supplier shall notify the Plasman plant(s) Quality Manager(s) of intentions to change a product or process, with the motive/reason to change accompanied by a suitable timing plan and quality plan.

The affected plant(s) will review and determine the effects of the potential change(s) and approve or reject the Supplier's change request and supporting quality plans within fifteen working days from receipt. This time can

be extended if the potential change has an impact on Plasman's Customers. All approved changes are subjected to PPAP Level 3 Submission.

In the event of not receiving an answer, the Supplier cannot make the change and must contact Plasman´s Purchasing Department to support the communications with the plant. This predicts and prevents any miscommunication. The Supplier shall have approval prior to making any of the changes mentioned. This may include a safety stock agreed upon with Plasman and (if required) Plasman´s Customer.

The Supplier, prior to releasing or shipping changed products to Plasman, must have PPAP approval and have received schedules or Kanban calls/orders determining the introduction date.

Each container supplied in the first three shipments/deliveries made by the Supplier following a change must be identified with a specific label agreed upon with Plasman's Quality Manager.

Irreversible changes must only be implemented after approval and in coordination with Plasman Quality and Logistics to assure traceability.

8.2 Force Major

In the event of a force-major, Plasman's affected plant(s) Quality Manager(s), Quality Director, and Purchasing Team must be immediately informed to create a joint task force that might involve the Customer. Plasman's Quality Director and the Product Safety Representative of the affected plants must be informed and in the carbon copy of all communications.

8.3 Plasman Notification Requirements

It is required that Plasman be notified in the following situations:

- Changes in the Supplier's chain (that can include. but is not limited to. changes in heat treat, plating, coating, welding, etc.)
- Changes in the Supplier's internal processes, such as, but not limited, to heat treat, plating, coating, welding, etc.
- Changes to Supplier designed components.
- Relocation of product/tooling manufacturing location
- Use of alternative material or components
- Changes in process or process flow
- Changes in equipment or tool movement within the same plant
- Replacement of gauges (including Plasman's own gauges)
- Any other change not listed above but affects the product and the approved processes during the PPAP phase.

Plasman requires an SCR in any of the above-described situations and any change made without prior written approval by Plasman is in violation of purchase order terms and conditions, but also in serious violation of both standard automotive practice and the Supplier's third-party certification.

Suppliers who fail to comply with these fundamental requirements shall be placed on new business hold and shall be liable for all damages, losses, and liabilities associated with such a change. Plasman will notify the Supplier's Certification Body of this event. A change to perishable tooling is part of normal maintenance practice, and, therefore, does not require SCR approval.
In case of any doubt, the Supplier should contact the Plasman Purchasing contact or Supplier Quality Engineer (SQE) for guidance.

8.4 Temporary Product and/or Process Deviations

By Principle and Policy, Plasman does not accept any product or service that does not meet the requirements. Under exceptional circumstances, when no other option is available, a product or process deviation can be submitted to the affected plant(s) Quality Manager(s) and the Purchasing Department must be informed.

Deviation requests shall include, but are not limited to:

- the reason for the deviation,
- quantity of parts or period that the deviation is requested to extend to, and
- part and packaging identification proposals to ensure traceability.

If product is non-conforming, the Customer will also be involved, a task force will be created, and, if possible, a Plasman waiver or customer waiver will be given for a certain period or number of parts. If extra costs will be involved, the Supplier will assume them.

If a deviation is approved, it is only for the agreed quantity of parts or period stipulated. Any shipments received outside of the deviation that do not conform to specifications shall be rejected at the Supplier's expense.

9-Supplier Monitoring and Improvement

Plasman has a Supplier Portal for Suppliers and strongly recommends that if a Supplier intends to become a Plasman Supplier to visit the webpage here: https://plasman.com/supplier-portal/.

This portal is where Supplier can find updates, information, and Customer Specific Requirements that became immediately effective after publication.

It is the Supplier's responsibility to ensure an effective routine of visiting this portal to be aware of Plasman Policies, Requirements, and communications related to the supply chain.

9.1 Supplier Rating

Supplier´s performance will be evaluated monthly, according to the follow rules:

- All quality and logistical performance indicators are reported monthly, at the latest on the 3rd day of the following month.
- Deviations are weighted according to the following:
  - Quality deviations (PPM (Parts Per Million)) 50%,
  - Received quantity 20%,
  - Delivery times 20%, and
  - Management system 10% of which Quality 5% and Environmental 5%.

The rating is performed monthly in the system by the Supplier development function in the Purchasing department. It is the Supplier´s responsibility to inform Plasman about any change related to its certificates that may affect the rating. Suppliers can be AA, A, B and C rated according to fixed criteria.

The criteria are:

- Rating Criteria-Quality (PPM)

PPM	Rating
0-50	100
51-200	80
201-1000	60
1001-2500	30
2501-25000	10
Over 25000	0

- Rating Criteria -Delivery quantity/time Criteria

Quantity (%)	Time (+- days)	Rating 1-100
100	0	100
98-99	1	80
90-97	2	60
75-89	3	40
49-74	4	20
0-48	>5	10

- Rating Criteria -Management System Quality

Quality Management System Status	Rating
IATF 16949	100
VDA 6.1	100
ISO 9001	80
Suitable supplier, audit at supplier is made, but not certified. Audit result A.	60
Suitable supplier with actions, audit at supplier is made, but not certified. Audit result B.	50
Not suitable supplier, audit at supplier is made, but not certified. Audit result C	20
Not certified supplier, and no audit is made.	10

- Rating Criteria-Management system environmental

Management System – Environmental	Rating
ISO 14001 or EMAS	100
Self-assessment fulfils 70-100%	100
Self-assessment fulfils 50-69%	80
Self-assessment fulfils less than 50% but will be certified as ISO14001 or EMAS within next 3 years.	50
Self-assessment fulfils less than 50% but no way towards certification.	20
No self-assessment and not certification	10

- Rating Level

- To become an **AA** Supplier, the average rating score must be 100 on a 6-month average. Batch Suppliers must be rated **AA** to be approved.
- To become an **A** Supplier, the average rating score must be between 80-99 on a 6-month average.
- To become a **B** Supplier, the average rating score must be between 60-79 on a 6-month average.
- All other suppliers that do not fulfill these demands will be **C** suppliers.

The final monthly rating is based on a 6-month average including all Plasman plants. The rating for 6-month average and actual month plant by plant is also visualized in the system.

"AA" and "A" rated Suppliers will be notified about their performance every six months or as decided by the responsible Senior Purchaser.

9.2 Supplier Improvement

All B and C rated Suppliers will be shown on the Board on Wall in the Supplier database monthly.

The Senior Purchaser responsible may send out a report (rating letter) to the Suppliers that are performing as "B" or "C".

9.3 Supplier Development

In case of long-term substandard performance, a Supplier may be placed on a “Supplier Development Plan” if the Supplier is assessed as needing special support. Suppliers are required to make an assessment to find the root cause for the long-term substandard performance and agree on an improvement plan. If the Supplier refuses to improve the performance, they will be place on New Business Hold and further actions will be agreed upon by the Plasman Management Team.

10-Continuous Improvement

Suppliers shall continually improve the effectiveness of their quality management systems and manufacturing processes. Actions taken to regain previous levels of performance are corrective actions and not continuous improvement.

10.1 Quality Management System Improvement

Suppliers shall define quality objectives and targets that shall be included in their business plans. These objectives and targets shall be continuously monitored, prioritized, and acted upon, ensuring continuous improvement.

10.2 Manufacturing Process Improvement

Manufacturing improvement shall focus on control, reducing variation and waste in product characteristics, and manufacturing process parameters. Continuous improvement can only be implemented once manufacturing processes are stable and capable, or product characteristics are predictable and meet requirements.

10.3 Performance Reviews and Workshops

Plasman reserves the right to visit the Suppliers' manufacturing facilities to assess continuous improvement programs and lean manufacturing techniques, including making recommendations for improvement.

11- GLOSSARY OF TERMS

- **AAR:** Appearance Approval Report
- **AIAG:** Automotive Industry Action Group
- **AP:** Action Priority
- **APQP:** Advance Product Quality Planning
- **ASN:** Advance Shipping Notice
- **BOT-** Back on Track
- **CAD**: Computer-aided Design
- **CAMDS:** China Automotive Material Data System
- **CAR:** Capacity Analysis Report
- **CC:** Critical Characteristic
- **CLP:** Classification, Labelling and Packaging
- **Cm**: Machine Capability
- **Cmk:** Machine Capability index
- **CMP:** Conflict Minerals Platform
- **CMRT:** Conflict Minerals Reporting Template
- **Cp:** Process Capability (after process reached statistical control)
- **Cpk:** capability process index (after process reached statistical control)
- **CQI:** Continuous Quality Improvement Series of self-assessment standards for specialized processes including heat treatment, plating, coating, warranty, welding and soldering.
- **CSL:** Controlled Shipping Level
- **CSR:** Customer Specific Requirements
- **DR:** Disturbance Report - Deviation report: before final cause is identified
- **DFMA:** Design for Manufacturing and Assembly
- **DFMEA:** Design Failure Modes Effects & Analysis
- **DOE:** Design of Experiments
- **DUNS:** Data Universal Numbering System a unique nine-digit identification number, issued by Dun & Bradstreet, identifying each unique business location.
- **DV:** Design Validation
- **ECHA**: European Chemistry Agency
- **ELV:** End-of-Life Vehicle
- **EMPB:** Erstmusterprüfbericht (German Initial Sample Test Report)
- **FEFO:** First Expired First Out
- **FIFO:** First In First Out
- **FMEA:** Failure Mode and Effects Analysis
- **GADSL:** Global Automotive Declarable Substance List
- **GD&T:** Geometric Dimensioning & Tolerancing
- **GHS:** Globally Harmonized System
- **HIS:** High Impact Supplier
- **IATF:** International Automotive Task Force
- **IEC:** International Electrotechnical Commission
- **Kanban:** Japanese term meaning signboard or billboard. In Automotive Industry is also known as "Toyota nameplate system"
- **KC**: Key Characteristic
- **IMDS:** International Material Data System
- **ISO:** International Organization for Standardization Measures
- **JIT:** Just in Time
- **MAQMSR:** Minimum Automotive Quality Management System Requirements
- **MMOG:** Materials Management Operations Guidelines
- **MSA:** Measurement Systems Analysis
- **MSDS:** Material Safety Data Sheet
- **NBH:** New Business on Hold
- **NDA:** non-disclosure agreement (NDA)
- **NOK:** NOT OK
- **OEM:** Original Equipment Manufacturer
- **OECD:** Organization for Economic Co-operation and Development
- **OHSAS:** Occupational Health & Safety Advisory Services
- **OK**: All Correct
- **PCC:** Critical Characteristic (Plasman´s Symbol)
- **PCP:** Process Control Plan
- **PDCA**: Plan-Do-Check-Act
- **PFD:** Process Flow Diagram
- **PFMEA:** Process Failure Modes Effects & Analysis
- **PKCn:** Key Characteristic (Plasman´s Symbol)
- **Pp:** Process Capability (before process reach statistical control)
- **Ppk:** Process Capability Index (before process reach statistical control)
- **PPAP:** Production Part Approval Process
- **PPM:** Parts Per Million
- **PSC:** Significant Characteristic (Plasman´s Symbol)
- **PSW:** Part Submission Warrant
- **PV:** Production Validation
- **REACH:** Registration, Evaluation, Authorization and Restriction of Chemicals
- **RFQ:** Request for Quotation
- **QAP:** Quality Assurance Plan
- **QCR:** Quality Complaint Report
- **RPN:** Risk Priority Number
- **SC:** Special Characteristic
- **SEC:** Securities and Exchange Commission
- **SOR:** Statement of Requirements
- **SOW**: Statement of Work
- **SPC:** Statistical Process Control
- **SPICE:** Software Process Improvement and Capability Determination
- **SPR:** Significant Production Run
- **SQA:** Supplier Quality Assurance
- **sQAP:** supplier Quality Assurance Plan
- **SQD**: Supplier Quality Development
- **SQE**: Supplier Quality Engineer
- **SCR:** Supplier Change Request
- **SDR:** Supplier Deviation Request
- **TISAX:** Trusted Information Security Assessment Exchange
- **TPISR:** Third Party Information Security Requirements
- **TS:** Technical Specification
- **UN**: United Nations
- **VAT Number**: Value Added Tax Number
- **VDA:** Verband der Automobilindustrie German Automobile Industry Association)
- **8D Report:** Problem solving tool for answering our request for action.

CHANGE RECORD

Revision Level	Revision Date	Page(s) Affected	Description of Change (*)	Revised by	Approved by
1	29-DEC-2022	-	Initial Release	Ana Salvador/ Payam Dadkhah	
2	30-03-2023	6	Clarification of MAQMSR non IATF supplier´s compliance		