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CLASSIFICATION LEVEL: INTERNAL, check internal regulations for more information

SUPPLIER QUALITY ASSURANCE MANUAL (SQM)

This Manual must be distributed to the Managers of the Purchasing, Quality / Environment Departments at the TEKNIA and Supplier plants affected.

This Supplier Quality Assurance Manual, as well as all the relevant attached documentation, is the property of TEKNIA and is confidential, its diffusion thus being restricted to its copying, cession or consultation with persons not authorized by the General Management of this Organization is not permitted.

RECORD CHANGES

Edition	Prepared By	Date	Revised By	Date	Remarks / Modifications
01	Global Quality	Dec-2017	Chief Purchasing officier	Dec-2017	Inicial reléase new SQM
02	Global Quality	Apr-2018	Chief Purchasing officier	Apr-2018	Review and clean-up
02	Global Quality	Jan-2019	Chief Purchasing officier	Jan-2019	Update supplier selection and evaluation
03	Global Quality	May-2022	Chief Purchasing officier	May-2022	Include compliance with environmental practices
04	Assistant Group Quality Manager	Jul-2024	Group Quality Manager		Cancelled Revision in document properties Rules of action after receiving an official complaint Associated Cost to delivery time and/or Quality Non-Conformities Product Quality Compliance Process- Parts with special verification requirements Supplier Quality and Environmental Certification Responding to the 8D report – timing

NOTE:

Only SQM Corporate version valid. All previously released Corporate and Plant SQM manuals are not valid hereinafter.

Do not change and/or adapt this manual to plant needs. Any additional information or guidelines associated with the rest of TEKNIA's plants should be added to this manual.

If modifications are required to generate a new edition, they should be sent and requested to the last revisor of this manual.

INDICE

GLOSSARY

8D:	Eight Disciplines (problem solving and reporting methodology).
AIAG:	Automotive Industry Action Group (group responsible for preparation of automotive industry international standards).
APQP:	Advanced Product Quality Planning and Control Plan (methodology of new product development)
CQI:	Continuos Quality Improvements (AIAG Standard for special processes).
CSR:	Particular characteristics and specifications of a product or service as determined by the customer.
CSL1/2:	Controlled Shipment Level 1 /2 (special status assigned by in case of quality problems of deliveries)
DMAIC:	Define, Measure, Analyse, Improve and Control (improvement cycle, the core tool for improvement applications)
FMEA:	Potential Failure Mode and Effects Analysis (analytic methodology to prevent formation of product and process failures)
GADSL:	Global Automotive Declarable Substances List
GTC:	General Terms and Conditions
IATF:	International Automotive Task Force
IMDS:	International Material Data System
ISO:	International Standard Organization
MSA:	Measurement System Analysis (methodology to confirm the ability of measurement system)
Odette:	Organization for Data Exchange by Tele Transmission in Europe (a group that represents the interest of the automotive industry in Europe)
OEM:	An Original Equipment Manufacturer provides components for another company´s producto and Works closely with the seller of the finished produt.
PQC:	Product Quality Compliance
PPAP:	Production Part Approval Process (methodology for approval by the customer of the supplier products to serial production)
PPM:	Parts Per Million
PSW:	Parts Submission warrant. This form summarizes the whole PPAP package, shows the reason for submission and the level of documents submitted.
REACH:	Registration, Evaluation, Authorization and Restriction of Chemicals (European Union directive on the safety of chemicals)
SPC:	Statistical Process Control (methodology of statistical monitoring and calculation of capabilities of serial processes)
SQA:	Supplier Quality Assurance
SQM:	Supplier Quality Assurance Manual (manual specifying the TEKNIA requirements for its suppliers)
TIER1:	A tier one company is the most important member of a supply chain, suppying components directly to the OEM.
VDA:	Verband der Automobilindustrie e.V. (German Association of Automotive Industry)

1. SUPPLIER QUALITY ASSURANCE

1.1. Introduction

The need to improve the quality of our products and the minimization of the impact of our activities on the environment has become essential to advance in a competitive market.

The Suppliers of TEKNIA shall ensure the supply of products complying with the quality requirements and environmental protection recommendations detailed in this Manual.

This Manual aims to assure and optimize the relation between TEKNIA and its suppliers, establishing the criteria and documentary support to guarantee the fulfilment of Quality and Environmental requirements.

TEKNIA needs full commitment of its suppliers to products and services that comply with the levels of safety, quality, reliability, costs, deliveries and environmental protection, as well as statutory and legal requirements.

This Manual is part of TEKNIA´s purchasing conditions.

1.2 Object

Consolidation of the Supplier - Customer relationship, assuring the Supplier Panel, to achieve success in the projects we are entrusted with our customers.

To ensure that Suppliers apply Quality and Environmental Management System that includes the requirements of TEKNIA, including customer specific requirements (CSR) as applicable to the Purchasing Commodities listed in point 1.3, considering each stage of the life cycle, and to apply good environmental practices to their processes.

Periodically supplier must enter in Customer Specific Requirements – International Automotive Task Force (iatfglobaloversight.org) to prevent and/or detect non-conformities during the processes of design, development, manufacturing and delivery of the products and services purchased.

Service providers using the company's facilities will be given a manual of good environmental practices, as well as a plant plan with the detail for the correct segregation of waste ensuring that they comply with internal standards.

1.3 Procurement Commodities TEKNIA

TEKNIA has established criteria for new suppliers/products selection to take advantage of possible synergies within global suppliers (supplying two or more TEKNIA plants) or potential global suppliers (capacity to supply various plants).

Prior to the selection of a new supplier/product, the plant purchaser consults with the commodity buyer (if appointed) about the possibility of an existing global supplier, the possible commercial agreements and the quality situation.

Purchasing Commodities Classification:

- Plastic raw material
- Metallic raw material
- Components
- Subcontracting
- Certifications and calibrations

- Authorized waste management
- Inspection & rework
- Packaging
- Tooling and equipment
- Maintenance
- 2nd hand machine
- Oils and grease
- Transports
- IT
- Office, cleaning, work clothes
- Commercial expenses

1.4 Scope

The Supplier Quality Assurance Manual applies to Suppliers and Subcontractors of production processes, raw materials, outsourced parts or components, first samples and in general, elements that are part of the finished product or its conditioning.

NOTE: In the case of Suppliers as Manufacturers of Capital Goods / Packaging / Carriers / Utilities: Mold makers / Non-Productive Material, only points 1.1, 1.2, and 1.5.1 of this SQM shall apply.

1.4.1 Acceptance of the Supplier Quality Manual

The Supplier Quality Assurance Manual (SQM) shall be accepted by the supplier to guarantee the final quality of the product.

1.4.2 Supplier Quality and Product Safety Representative

The supplier shall define a representative responsible for quality and safety of product in the supplier organization.

1.5 Development

1.5.1 Consulting Suppliers

The Purchasing Department is responsible for obtaining acceptance of purchasing requirements, including this Supplier Quality Assurance Manual and certifications before continuing with any purchase management.

There is a list of suppliers approved by TEKNIA Purchasing (with multidisciplinary criteria of Quality, Environment, Price and Term) according to the Commodity type, that provides the necessary information on the necessary provision from the Procurement Department. The TEKNIA Plant shall hold an up-to-date equivalent list, recording the common Suppliers of TEKNIA and specific approved ones, according to this Manual.

1.5.2 Restricted and Declarable Substances

1.5.2.1 Toxic, Noxious or Hazardous Substances

The supplier is obligated to comply with all applicable statutory regulations regarding environmental protection, occupational health and safety, and will keep the negative impact on people and the environment as low as possible. All the purchased products that are included in our production processes and the products sold by TEKNIA, (mainly oils, coolants, and degreasing substances), must comply with current legislation for restricted use of toxic and hazardous substances.

The suppliers shall be required to provide the product safety specifications. The specifications show the toxicity of the products employed in manufacturing. Those may be included in products dispatched to customers and need therefore to be known beforehand.

In case the supplier holds an ISO 14001 certification, whenever requested the certificates and related documentation shall be provided to TEKNIA.

Supplier shall ensure that its sub-suppliers comply with the beforementioned.

For all products sold by TEKNIA and subject to some subcontracting the Purchasing Manager shall require all affected subcontractors to provide the appropriate certification of compliance with current legislation regarding toxicity, noxiousness, hazardousness and environmental protection. The Purchasing Manager shall keep these certifications on file.

1.5.2.2 Conflict Minerals

TEKNIA policy is not buying minerals such as tantalum, tin, gold, tungsten and others from sources that are declared conflict regions, means from conflict country and adjoining countries (Conflict Minerals). Therefore, each Supplier is required to provide a declaration of origin of supplied materials.

1.5.3 Supplier Quality and Environmental Certification

Regarding Suppliers selection, 3 different cases apply:

1. Class A: Supplier with Certifications IATF 16949 and ISO 14001. This is classified as a Preferred Approved Supplier that may be consulted, and purchasing orders may be issued.
2. Class B: Supplier with Quality Certification ISO 9001 classified as Approved Supplier, with possible scenarios:
   - ISO 9001 certification, none IATF 16949 elements audited
   - ISO 9001 certification with compliance with other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers [MAQMSR] or equivalent) through second-party audits
   - certification to ISO 9001 with compliance to IATF 16949 through second-party audits
3. Class C: Supplier that does not hold a Quality Certification (ISO 9001 certification) is classified as a Non-Approved Supplier and considered not accepted. That Supplier's prices may be consulted, but no purchase orders shall be awarded until it is classified in Class A or Class B.

Notes:

- Quality certificates are certifications reached through third-party audits performed by a recognized certification body.
- Class B Supplier of raw material, components, and subcontractors of production processes shall present a plan for IATF 16949 certification.
- In specific cases a Supplier classified C might be considered for temporary supply pursuant to a specific customer agreement and/ or request. The Supplier shall present a plan to develop a quality managements system certified to ISO 9001.

1.5.4 Supplier Development: Homologation, Re-homologation

If a potential supplier is not part of the TEKNIA´s Approved Suppliers, an evaluation of its potential must be performed (supplier self-evaluation) and a Potential Audit shall be carried out according to reference VDA 6.3.

The selection of Supplier to enter the Approved Suppliers List is subject to this Manual and according to the needs stated by the Procurement, Engineering, Quality, Production, Logistics and/or Commercial Department.

To identifying potential Suppliers of production materials and parts the following steps are applied:

- Supplier self-assessment request or a visit performed by Purchasing and/or the Department at TEKNIA (if required) to evaluate the feasibility of continuing with the Purchasing requirements as established in this Manual.
- By conducting a potential evaluation pursuant to standard VDA 6.3 (P1). The evaluation criteria are:

Classification		Evaluation according to question pool	
		yellow	Red
Supplier blocked	Red	more than 14	based on a question
Supplier	Yellow	max. 14	None
Supplier released	Green	max. 7	None

Notes:

- Retail suppliers (distributors) shall only be required to have an ISO 9001 certification. Such suppliers shall prepare and maintain an up-to-date list with the sub-supplier certifications to send to the Purchasing and Quality/Environment departments at TEKNIA.
- In the case of suppliers imposed by the customer, the potential VDA 6.3 (P1) evaluation shall not be required, as these suppliers enter the “Approved Supplier list” directly. The customer audit report/ result will be requested.
- If a supplier has already been approved and/or successfully audited by another TEKNIA plant within the last 3 years a potential VDA 6.3 (P1) audit is not needed, and the supplier enters the “Approved Supplier list” directly.
- A successful VDA 6.3 audit from an independent third party or OEM/Tier 1 performed within the last 2 years may be considered sufficient for approval.
- Accreditation shall be required of external test and calibration laboratories to standard ISO/IEC 17025 or the national equivalents. From 01.12.2020 onwards ISO/IEC 17025: 2017 will be required.

A full VDA 6.3 process audit shall be performed in the following cases:

- At the request of our customers.
- Due to amendment of processes.
- Due to suspected quality defects in the deliveries, or when these do not fulfil specific targets and may significantly affect product quality.
- When the supplier is evaluated C for 3 consecutive months and enters the escalation process.

Audit planning and audit are performed by the Supplier Quality Assurance (SQA) in cooperation with qualified staff from other departments. Group Quality and Purchasing Management will be informed to ensure that results are shared among

the different TEKNIA plants. After the audit the Quality Department will provide the Supplier with an audit report including findings and recommendations to be considered in the corrective action plan.

The audit result determines how the Supplier is classified:

A. Preferred Approved Supplier. A corrective action plan must be prepared by the Supplier within a term of 14 days and according to the observations and recommendations identified in the audit. The Quality Department performs the periodic monitoring of its fulfilment.

B. Approved Supplier. These are Suppliers subject to surveillance. The Supplier must prepare a corrective action plan within a term of 14 days for any deviations found. If the action plan is not closed within the established terms, the Supplier shall be considered not acceptable, and the Purchasing Department will start the process of cancelling the ongoing award of products and/or contracts.

C. Supplier not approved. These are non-acceptable Suppliers. The Quality department will keep the corrective action plan prepared by the Supplier to review during a potential next audit.

2. PRODUCT QUALITY COMPLIANCE PROCESS

2.1 Definition

New Product and Serial Quality Assurance is directly related to the general evaluation of the product manufacturing, submission of the initial samples and agreed quality, to assure the quality requirements and aspects required by TEKNIA.

2.2 Object

New Product and Serial Quality Assurance is carried out to manage the quality requirements from the very beginning of the process to implement necessary preventive and corrective actions to improve the product and the manufacturing process as soon as possible.

2.3 Scope

New Product and Serial Quality Assurance is applicable to Mold and/or Process Subcontractors, as well as Suppliers of Outsourced Parts and First Samples (for Packaging Suppliers, go to Section 4 of this document), APQP shall be applied for components and parts from process subcontracting.

NOTE: The forgoing does not apply to Manufacturers of Equipment Goods / Carriers / Mold producers / Non- Productive Material (established in the specific procedure for each case).

2.4 Development

2.4.1 Supplier Consultation and Selection

The Commercial, Production, Maintenance, Environment, Engineering or any other Department shall notify the Purchasing Department about the needs for prototypes, new parts, packaging and raw materials. Based on those requests, purchasing requests quotations from Suppliers that are on the Approved Suppliers list.

In cases of jigs and resources, testing machinery, measurements and control equipment this may be managed directly by the Department that interacts with the Supplier: Engineering, Quality/Environment, or others. In any event, the contract must be concluded by Purchasing.

Engineering, in collaboration with Quality/Environment, defines technical, quality, environmental and the CSR. Purchasing, transfers these to the Supplier. We allow the Supplier to integrate technical and quality requirements from designing the components, anticipating any possible issues that may arise. The Supplier is also required to collaborate and comply with applicable Environmental Policies and requirements for Health and Safety.

After reception of the offers, the relevant Supplier selection shall be performed according to:

- The Supplier's Quality and Performance Evaluation (Section 1).
- Analysis of the budget and features.
- Other criteria of a financial nature.

NOTE: Queries may be issued to potential new Suppliers (market study), but no orders shall be issued unless they comply with the criteria established in Section 1.

2.4.2 Initial Sample Submission and Acceptance

a. Request of Initial Samples

If required supplier shall provide initial samples and/ or PPAP documentation according to the agreed terms and timing

- Engineering or Quality informs Purchasing about the needs related to initial samples for new or modified products.
- Purchasing orders from the Supplier the necessary quantity of initial samples, sets the delivery dates and requests the applicable documentation.
- The delivery must be carried out according to the serial project planning, as a maximum deadline for the parts under development. The initial samples together with the PPAP documentation must be part of a batch manufactured under serial conditions. The Supplier's mark may be used for the delivery and must be identified.

b. Field of application of Initial Samples

Initial samples must be presented in the following cases:

- New product.
- Product changes to a new modification level or index.
- New supplier.
- Manufacturing changes by the supply source.
- Changes in the process (see Note 1).
- Interruption of the supply for 6 months or more (see Note 1).
- Change of Supplier's production unit (see Note 2).
- Supplier imposed by customer (see Note 3).

NOTES:

1. The Supplier shall establish contact with the Purchasing Department at TEKNIA. Supplier quality assurance (SQA) is responsible for the decision on initial samples. It is strictly prohibited to rework, repair or recover the parts.
2. The Supplier shall establish contact with the Purchasing Department at TEKNIA. Supplier quality assurance (SQA) is responsible for the acceptance of initial samples.
3. The new manufacturing center must have a SQA evaluation before the start of manufacturing (Section 1).
4. Process/ product modification notification:
   Before implementation of any modification the supplier shall:
   a) Notify TEKNIA in advance about the expected modification implementation date.
   b) In case modifications are accepted submit new samples and PPAP documentation.
   c) Receive the full approval from TEKNIA before the modification is implemented.

   The obligation to notify TEKNIA applies to all mentioned modification types.

In case of discrepancies with an imposed Supplier, an escalation process with the customer shall begin to require the necessary support to solve the situation.

c. Acceptance of Initial Samples

- Document Initial Samples Acceptance Report (PSW) signed at the PPAP when it is applicable.
- Conformity of the initial samples under conditions defined by Engineering and Quality:
  - Quality acceptance. The parts shall be checked and/or tested to verify their conformity with the order. Product certificates shall be required for compliance with the applicable health and/or safety regulations.
  - Acceptance of conformity. This shall be performed according to the pattern sent by the builder.
  - Assembly feasibility acceptance. After acceptance by quality, an assembly test will be carried out simulating the characteristics of use. In the event of rejection of the initial samples, the Supplier must jointly redefine the Supplier Product Quality Requirements with Engineering and Quality for a new presentation.
- The decision regarding acceptance or rejection of the initial samples is provide to the Supplier in writing.
- The batch will only be accepted under the criteria of zero defects.
- Acceptance of the samples may be made conditionally, while pending performance of functionality or assembly trials by our customers.
- In the event of rejection, the Supplier shall be notified, requesting a new submission of initial samples.

d. Documentation for Delivery of Initial Samples

- PPAP level 3, if not defined otherwise.
- Specific Manual for raw materials.
- Traceability plan, based on the risk level or severity of failure for employees, TEKNIA, their customers and end users.
- IMDS + REACH if customer requires.
- FMEA if requested (e.g. for safety parts).
- Other applicable requirements.

NOTE: The Supplier may use the AIAG PPAP formats to present its initial samples.

2.4.3 First Delivery

After acceptance of the initial samples, the Quality Department shall proceed to check the first delivery through sampling testing.

When the batch is accepted the signed PSW document will be sent to the Supplier. In addition, and if applicable the Supplier Product Quality Requirements and/ or the Commitment of Compliance with the Safety Features and/or Regulations are signed.

A Quality Commitment/ Agreement might be negotiated individually with the relevant Supplier by the Quality Department.

When the batch is rejected, the Supplier shall remain in the Supplier Product Quality Requirements Definition and Acceptance Phase.

2.4.4 Control and Monitoring

Prior to Product Quality Compliance (“PQC”) notification by TEKNIA Quality Department to the Supplier, the deviations in quality between the provided products and/ or services and the requirements must be closed.

Two scenarios are possible:

1. The Supplier achieves its quality targets within more than consecutive 3 months or 3 consecutive batches (taking the shorter of both): the Quality Department notifies the Supplier about PQC having been passed.
2. Incidents exceeding the Quality targets signed by the Supplier within a period of 3 months: in this case new initial samples shall be requested (PPAP).

In the cases described in point 1.5.4., a VDA 6.3 process audit pursuant to chapters P2 to P7 shall be performed. Possible results are:

Classification	**Degree of fulfilment E_G (%)**	**Description of the classification**
A	$E_G \geq 90$	with quality capacity
B	$80 \leq E_G < 90$	with limited quality capacity
C	$E_G < 80$	without quality capacity

The evaluation criteria used to audit the Supplier´s process is established according to the following rules:

A. ≥ 90% Classification A - qualified supplier without restrictions.
B. <90 and ≥ 80% Classification B - Supplier with temporary approved for supply, proposing an improvement plan over the deviations found, for its review.
C. <80% Classification C – May only supply on a temporary basis, while processing the escalation as stated in point 4.5.

NOTE. For Suppliers who supply subcontracted components or parts with special cleanness requirements, the audit process will pay special attention and dedication to the working conditions to guarantee the required correct state of order and cleanness for such parts.

2.4.5 Notification of Product Quality Compliance

The delivery of a product under Quality Assurance means the suppression of systematic control over the products received. TEKNIA reserves the right to inspect the goods delivered on receipt when it is considered necessary due to suspected defects, problems arising or for any other reason.

A PQC Notification does not exonerate the Supplier of the obligation to deliver products that comply with the required quality standards. Thus, PQC Notification takes place when the following conditions are fulfilled:

- The Supplier is classified in Supplier Product Quality Requirement definition phase.
- The Initial Samples have been approved.
- Evaluation of the process complies (in the case of need for a Process Audit).
- The measurement of the results is adequate for the quality commitments over a minimum period of 3 months and 3 consecutive batches.

In the case of a product quality assurance notification all performance deviations from the signed Supplier´s Quality Commitment will remain.

2.4.5.1 Parts with special verification requirements:

For products/services ordered by Teknia, where required by the customer, additional attention is required when manufacturing parts with special characteristics, especially for parts with safety-critical properties (special characteristics are defined in drawings, feasibility studies and other relevant documents). This applies for the complete supply chain to the origin of production.

Lack of conformity with the special characteristics requirements may result for suppliers in costly product recalls, service campaigns, sales bans, loss of orders and loss of reputation. The supplier should take all necessary actions to absolutely avoid these consequences.

For all special characteristics, the process capability must be confirmed according to the requirements of individual customers in this area.

All documents related to the product process, such as PFMEA, production control plan, production document must be clearly marked with a symbol that clearly defines the product with safety characteristics.

The documentation must provide clear verification of the following:

a. Manufacturing specifications
b. Completion of all defined tests
c. Set-up documentation or test values
d. Test equipment calibration
e. Clear batch traceability, individual tracking using serial numbers if required, test documentation, production data and material batches (material cert DIN EN 10204-3.1)
f. Traceability method must be agreed upon during the advanced quality planning stage
g. Any quality deviations including measures, limitation and error prevention programs
h. Any other requirements specified in Customers' Specific Requirements
i. When evaluating a supplier's potential, the supplier's ability to provide materials with special characteristics should be verified

2.4.6 Continuous Improvement Plan

To monitor the quality improvement, it might be necessary to set up a Continuous Quality Improvement Program with the Supplier. Such programs may be prepared in the following ways:

- Auditing the Supplier’s manufacturing process and identifying improvement areas.
- Staff training in different quality tools.
- Reducing the costs of quality shortfalls.
- Statistical control of processes (SPC).
- Re-engineering the Supplier’s manufacturing process to improve quality and productivity.
- Preventive maintenance.
- Zero defect strategy, targeting 0 PPM.
- Yearly requalification target.

The established Program may integrate a renegotiation of the quality objectives between Suppliers and TEKNIA.

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3. SUBCONTRACTING MANUFACTURING AND/OR CONTROL RESOURCES

3.1 Object

Defines the system established in TEKNIA when there is an assignment of jigs, machinery, equipment and other productive resources to be owned by our organization (including assemblies and handling of any kind).

3.2 Scope

This is applicable to subcontractors who inject, assemble or handle components to order by TEKNIA.

3.3 Development

3.3.1 Making Subcontracting Decision

The General Management, advised by Production and/or Engineering may decide to subcontract any work or operation.

The workload is usually the factor that determines such a situation due to it being impossible to carry out the work in-house, although strategic or criteria of another nature may intervene in such decisions.

3.3.2 Subcontractor Selection

The following requirements must be fulfilled prior to any subcontracting:

- Favorable report by Production regarding the Supplier's knowledge and machinery.
- Existence of Quality Certification recognized by TEKNIA (Section 1 of this document).
- Signature of a contract by which the Supplier accepts the conditions to manufacture the reference/s assigned (term, quantities, price, quality ...).
- Show of evidence of insurance to cover deterioration or improper use of jigs or equipment by the Supplier to guarantee any damage during transport and/or use thereof. The Supplier must report all problems that arise during its use and that may require corrective / preventive maintenance. The Supplier must prove its existence until covering 100% of the utility value and materials delivered.

3.3.3 Assignment of Manufacturing and/or Control Resources

With document Supplier Quality Assurance Requirements, section 3: Transfer of Manufacturing and/or Control Resources, assigned documentation, materials, manufacturing, and control resources are recorded:

- Specific customer requirements.
- Documentary resources: any kind of technical information that is requested by the Supplier (such as injection parameters, quality documentation, Manuals, visual aid, types of controls during manufacturing, etc.).
- Support for control elements (such as callipers or gauges): if these belong to the Supplier, they must be validated by our organization and checked within the calibration system at TEKNIA.
- Raw material: this shall be provided by the Supplier. The raw material may also be acquired by the Supplier, as long as it delivers a certificate for the material with each batch of parts delivered and that the material be approved to manufacture the part.
- Components: the possible components included in a reference to be manufactured outside shall be contributed by our Organization in the same way as if they were packaging. Accumulation of defective components arising

shall be sent to TEKNIA for study or shall be analyzed on the Supplier's premises during visits by the subcontracting manager; such analysis arises from component monitoring, as is carried out by our Organization.

- Packaging and labels identifying the product or products to be injected or assembled.

NOTE. In the event of the Supplier not having verification tools, these shall be ceded under the same conditions as those established for the jigs.

3.3.4 PQC Process for Subcontractors

The process to obtain the PQC Certificate and incident processing and monitoring is the same as that stated in Section 2 of this document, although the request for initial samples is made on document Supplier Quality Assurance Requirements, section 3: Transfer of Manufacturing and/or Control Resources. A PPAP shall be required.

4 SUPPLIER EVALUATION AND MONITORING

4.1 Object

To define the methodology established by TEKNIA to carry out correct evaluation and continuous monitoring of our Suppliers.

4.2 Scope

This is applicable to Suppliers of components, initial samples, packaging and Subcontractors (processes externalized by TEKNIA) for Molds and/or Processes.

NOTE: It shall not apply to the following service Suppliers: Manufacturers of Packaging, Equipment Goods / Carriers / Mold operators / Non-Productive Material / For internal or external retooling, etc., that shall be specified in the Evaluation of service providers.

4.3 Supplier Evaluation

A monthly evaluation of our Suppliers is performed, considering the criteria described in the Supplier Evaluation procedure:

1. Certifications
2. Quality
3. Delivery
4. Quality response

4.4 Continuous Quality Monitoring

Continuous quality monitoring of deliveries by Component Suppliers and Subcontractors, Raw Materials Suppliers, is performed by SQA.

4.4.1 Certificates of Delivery

All raw materials, materials and coatings must have a certificate with chemical and mechanical characteristics according to the EN 10204 3.1 linked to the production order and delivery note of TEKNIA.

4.4.2 Identification

The Supplier shall use “Odette” / AIAG labels for all containers, boxes or unities. In case of been unable to provide such labelling, Supplier shall obtain authorization and agreement with TEKNIA about an alternative labelling before any deliveries.

Subcontractors must preserve the existing batch identifications from any lost or damages to assure product traceability. It is not allowed to mix different batches without the approval of TEKNIA.

4.4.3 Packaging

The Supplier is responsible to protect the product until its reception at TEKNIA.

Products must be packed according to the agreed packaging instructions. (Packaging Data Sheet)

4.4.4 Supplier Claims

In the event of detected non-conformities in delivering time and/ or in quality requirements of the product TEKNIA claims through non-conformity and 8D report.

4.4.4.1 Rules of action after receiving an official complaint

i. Responding to the 8D report – timing
   a. D1 and D2 steps completed, and containment actions (D3) reported in 2 working days
   b. 8D report completed with root cause analysis (D4) within 7 working days
   c. Corrective actions plan (D5) must be completed, and actions for D6 (implemented corrective actions) and D7 (preventive actions) steps must be defined within 14 working days
   d. Entire 8D Report must be verified and completed within 60 working days

In case you cannot meet the deadlines, you need to inform TEKNIA Quality/ Logistic department and ask for an extension.

Failure to respond within the required time limit will have a negative impact on the Supplier's Evaluation.

All losses and additional costs which are incurred because of the defective product supplied by your company will be charged to and recovered from your company. This means we will debit costs incurred such as sorting, reworking, additional inspections, debits from our customers and so on.

ii. Teknia XXX does not accept “Operator Error” as a root cause.

iii. Material at supplier location
   a. The supplier is obliged to check 3 consecutive deliveries for defects.
   b. Above sorted materials must be identified and marked with an additional green label in A4 format. An additional green label must be located near the part identification label to correctly identify the batch. Information about "Break point delivery" should be announced by e-mail and 8D report
   c. Containment activity shall continue until corrective action has been implemented and efficiently validated.
   d. If the material is supplied to other TEKNIA GROUP locations / plants, you must notify those locations / plants immediately.

4.4.5 Annual Re-homologation

If requested by TEKNIA and/ or required by the terms agreed between TEKNIA and its customer an annual re-homologation of each product delivered by the supplier is necessary. Parts shall be send to TEKNIA Quality Department. A re-homologation for a product family and/or a dimensional report only might be sufficient when agreed with TEKNIA.

If required, the supplier shall audit each manufacturing process to determine its effectiveness. Self-Assessments by the suppliers including any sub-supplied parts or outsourced processes to be applied in accordance with AIAG Special Processes (CQI).

TEKNIA requires that applicable audits are conducted at minimum frequency of once per year and that records of assessments including action plans be maintained and made available to TEKNIA upon request. Compliance to be demonstrated for the latest edition of applicable special processes, such as CQI-9, CQI-11, CQI-12, CQI-15, CQI-17; CQI-23, CQI-27 or others as required.

4.4.6 Billing

Supplier will be responsible to make all proper analyses in case of warranties coming from final customers.

The cost of the selections, manufacturing down-time, administration, transportation, premium freight, warranties etc., caused at TEKNIA or its customers, attributable to non-compliance of the product or service provided by the Supplier, shall be charged and billed to the relevant Supplier.

TEKNIA strongly encourages its Suppliers to cover these risks through an assurance policy.

Delay in supplied parts deliveries, it will carry the following associated costs:

DESCRIPTION	AMOUNT
ADMINISTRATIVE COSTS CLAIM	XXX EUR exclusive of VAT
COSTS PER WEEK OF DELAY	To quantify by Teknia XXX
LINE STOPS COST	To quantify by Teknia XXX
COSTS EXTRAORDINARY TRANSPORT	To quantify by Teknia XXX
CUSTOMER STOP COSTS	To quantify by Teknia XXX and according to customer's charge
SELECTION COSTS	According to selection costs in customer and/or company of external selection

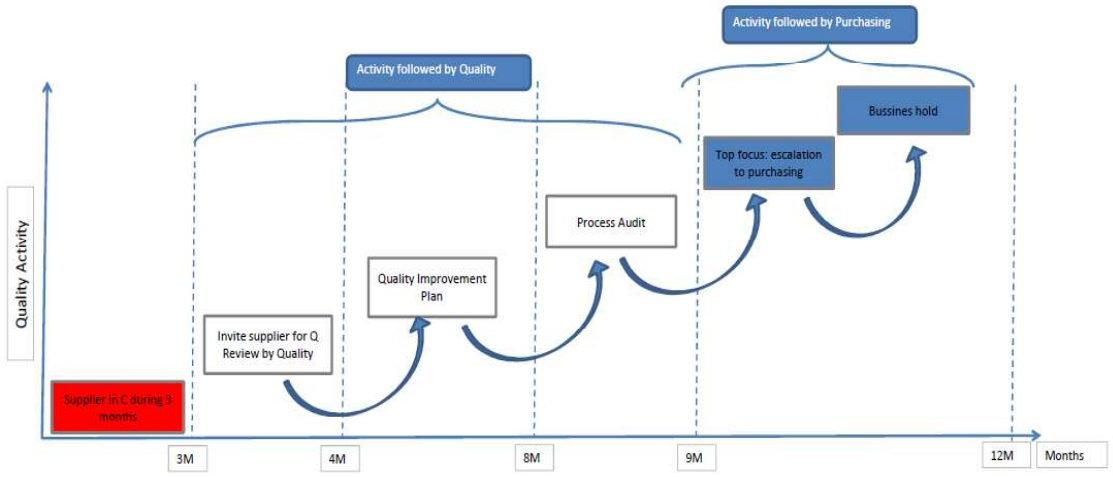
4.5 Supplier Escalation Process

When a Supplier is classified as C it must submit an improvement plan with the necessary containment actions to guarantee the deliveries, as well as preventive measures to avoid reoccurrence of the deviations that caused to classification.

When a supplier remains in classification C for 3 months, an escalation process is initiated.

- **Phase 1. Monitoring and Control**:
  The supplier receives an official letter called Supplier Escalation Meeting Notice (TA-T.PU-02).
  With this notice the Supplier is informed about the escalation, gets invited to a quality meeting and is required to submit an action plan.
  Division Quality Manager and Purchasing will be informed.
- **Phase 2. Improvement Program and Surveillance:**
  In case the supplier´s performance is ongoing unsatisfying or worsening a meeting between TEKNIA and the Supplier´s Top management will be held to agree an improvement and a monitoring plan. The improvement plan progress must be followed and reported by the Supplier's top management.
- **Phase 3. Sanctions:**

In the event the quality performance is worsening TEKNIA may apply sanctions and penalization up to the point where the relation with the Supplier will be terminated.
Actions will be notified by Purchasing.



NOTES:

- Special status (Controlled Shipment Level: CSL1/2) can be requested to the suppliers. The giving and withdrawal of special status is supervised by TEKNIA Quality Manager.

  Giving the supplies status CSL1 (Controlled Shipment Level 1), which means additional checking of products at the supplier, including 100% inspection of the finished product, to prevent the supply of defective products to TEKNIA. Verification must be performed also for parts already delivered, or which are in the process of transportation.

  The status CSL2 (Controlled Shipment Level 2) can be given independent or parallel with CSL1. CSL2 is an automatic consequence of the delivery of not conforming products during the time of the CSL1 status. CSL2 status indicates the need of hire by supplier an independent specialized company to perform output control of products sent to the TEKNIA.

  Products sent during the term of CSL1 or CSL2 must be properly identified in a manner agreed with TEKNIA.

  The supplier covers all costs associated with the additional selection at the TEKNIA, including the hiring an external specialized company. Supplier is obliged to provide TEKNIA with reports about selection results in supplier facility.

- A Supplier audit may be scheduled at any time during the escalation process.
- In case of an imposed supplier, the customer shall be asked to participate in resolving the situation and coordination of actions.
- The timeline may be shortened according to the internal needs and/or customer impacts.

5 ASSOCIATED DOCUMENTS

XXX	Supplier Product Quality Requirements
TA-P.QE-01	8D Report Procedure
TA-T.QE-01	8D Report Template
XXX	Project escalation procedure
XXX	Supplier Quality Claim
XXX	Supplier Product Quality Requirements
XXX	Initial Sample Approval Report (PSW)
TA-P.PU-01	Supplier Evaluation Procedure
TA-T.PU-02	Supplier Escalation Meeting Notice (TSEP)
XXX	Process Audit
XXX	Supplier Audit Template
XXX	Supplier Self-Assessment