

Management guidelines for suppliers

Requirements on the management system of the suppliers




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Introduction

PREFACE

IDEAL Automotive aims to meet the highest expectations of customers and consumers with consistent quality management. The focus here is on the important role of suppliers in achieving these goals.

This management guideline describes the requirements for assuring the quality of purchased parts and materials by IDEAL Automotive Group suppliers.

IDEAL Automotive promotes and develops teamwork with its suppliers. Clearly defining requirements and establishing communication at all levels is used to develop a working relationship that encourages open discussion of ideas and problems.

IDEAL Automotive expects its suppliers in the automotive sector to develop their quality management systems in accordance with the requirements of the international quality standard IATF 16949 in its currently applicable status. Quality management system in accordance with the ISO 9001 in the currently applicable version is the minimum pre-requisite for the suppliers.

This approach enables suppliers to meet legal and safety requirements and reliably supply IDEAL Automotive with defect-free parts. IDEAL Automotive has created a supplier portal to provide the supplier with multiple information, standards and forms. This supplier portal is accessible at following link:

<https://www.ideal-automotive.com/lieferantenportal/>

Continuous improvement is one of the basic principles of IDEAL Automotive quality principles. It is crucial that the position on the market is improved. This requires the implementation of continuous improvement principles throughout the supply chain.

SCOPE

The Management Policy is part of every inquiry and orders and applies to all suppliers of purchased parts, materials incorporated into IDEAL Automotive Group products or sold as IDEAL Automotive Group products, except samples and prototype parts.

Suppliers shall ensure that their suppliers also comply with the Management Guideline. Since suppliers have a great influence on the performance of IDEAL Automotive, the customer requirements of vehicle manufacturers are applied to them accordingly, in addition to the management guideline.

The scope of application includes all plants of the IDEAL Automotive Group. This management guideline applies in principle to all purchased parts (incl. so-called set parts of the OEM). Special agreements to this guideline can only be agreed with Q-responsible persons of the IDEAL Automotive Group and must be expressly made in writing. The management guideline is available in German and English. In case of doubt, the German version applies.

SUPPLIED DOCUMENTS

RELATED DOCUMENTS

The requirements of the following standards and guidelines in accordance with the latest edition must be taken into account, even if they are not explained in detail in this management guideline:

- IATF 16949
- VDA-series of publication
- QS 9000 series of publication
- ISO 9001
- ISO 14001
- ISO 26000
- ISO 45001
- ISO 50001
- DIN EN 10204
- UVV
- Customer specific requirements
- other IDEAL Automotive documents for successful cooperation on the supplier portal.

DESCRIPTION

GENERAL

MANAGEMENT SYSTEM

The supplier is fully responsible for the products, processes and services he delivers. In order to adhere to this responsibility, the supplier must demonstrate a quality management system certified at least in accordance with the DIN EN ISO 9001 standards.

However, the goal must be to strive for certification according to IATF 16949 and to prove this by means of a certificate. The supplier shall go through development sequence:

- a) ISO 9001 certification and assessment of conformity with other QM system requirements defined by IDEAL Automotive (MAQMSR - Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers).
- b) ISO 9001 certification and assessment of conformity with IATF 16949 through "second party" audits
- c) Certification according to IATF 16949 through "Third Party" audits

In particular, measures for continuous improvement and ensuring "0-defect delivery quality" must be developed.

The management guidelines and specifications issued by IDEAL Automotive are binding for the supplier.

If the supplier recognizes that the design specified in the technical documents or the prescribed test procedures can be replaced by more suitable, more economical and / or more effective ones, IDEAL Automotive expects corresponding proposals.

QUALITY OBJECTIVES / CONTINUOUS IMPROVEMENT

Quality goals are zero defects through consistent quality planning and series monitoring with a focus on defect prevention and continuous improvement. In this sense, the acceptable quality level (AQL) is 0. This also applies to standard and small parts. Corresponding standards for acceptance testing (e.g. DIN ISO 2859, DIN ISO 3951, ...) do not apply.

Deviations from this require the written consent of IDEAL Automotive Q-responsible. In terms of continuous improvement of products and processes, the supplier must define and monitor measurable targets (e.g. reduction of scrap, reduction of process variation, improvement of process capabilities, etc.).

SPECIFICATIONS FOR SUPPLIERS

IDEAL Automotive reserves the right to meet specifications for purchased products with suppliers to determine quality responsibility on a product-specific basis.

Deviations / changes from the specifications for suppliers requested by the supplier require written confirmation by IDEAL Automotive Q-responsible.

ECOLOGICAL AND SOCIAL RESPONSIBILITY

IDEAL Automotive has high expectations in terms of environmental and social responsibility that we as a Company bear towards our customers, employees and society as a whole. We also place this requirement on our partners and suppliers. Every actor in the value chain, from raw materials to end users, must be aware of the impact of their own actions on people and the environment. Environmental protection as well as socially relevant issues are to be handled according to the precautionary principle. Active support from the suppliers is a pre-requisite here. IDEAL Automotive considers the limit values in applicable laws and regulations at national and transnational level as minimum requirements. Suppliers adjust their activities on their own responsibility. IDEAL Automotive is there to advise you in case of doubt.

Resource consumption and waste generation

IDEAL Automotive expects from all suppliers a sustainable basic attitude, a continuous improvement of production processes and a long-term reduction of energy, water and material consumption as well as a reduction of waste generation.

IDEAL Automotive builds on a sustainable value chain to remain fit for the future. This includes the economical use of raw materials and recycling whenever possible, as well as careful selection of resources and materials based on contemporary sustainability standards. The following approaches will be considered in a prioritized manner:

- Usage of recycling material
- Recyclability of the supplied products
- Use of renewable raw materials
- Lightweight design and lower use of resources
- Materials produced with lower energy consumption and greenhouse gas emissions

The processes required to manufacture the parts, as well as the materials used for this purpose, must comply with the latest state of science and technology and the relevant regulations and laws. Suppliers have necessary permits on the procurement and use of natural resources.

Suppliers are required to prioritize the reduction of environmental impact both in procurement and in the further processing and transport of materials.

Climate protection

Together with customers and suppliers, IDEAL Automotive is working towards climate neutrality in the automotive industry. In particular, greenhouse gas emissions are to be reduced. These include carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), as well as hydro fluorocarbons (HFCs), per fluorocarbons (PFCs), and sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). We expect our suppliers to actively implement climate protection in their company. we successively expect the preparation of a greenhouse gas inventory (also corporate carbon footprint), the implementation of energy and CO₂ reduction measures and corresponding reduction targets. A trend towards renewable energies is expressly desired.

Hazardous goods

For initial delivery and delivery changes of hazardous and auxiliary materials (oils, greases, adhesives, base material for surface coating, additives for dyes and similar), an EC safety data sheet in accordance with EU 2015/830 must be sent with the delivery.

The same applies to the delivery of substances and parts that release hazardous substances under special conditions, as well as substances that experience has shown can only be disposed of with special difficulty. The documentation should include the hazard type and quantity, and should also include a reference to any necessary training for the processing staff.

In the case of hazardous goods, IDEAL Automotive expects that suppliers have the necessary permits and infrastructure to store, process, transport and recycle hazardous and non-hazardous goods and waste. This also includes protective clothing and safety markings. If possible, hazardous materials should be avoided.

Human rights and working conditions

For IDEAL Automotive, it is of great importance that entrepreneurial activities fulfill social responsibility towards their own employees and society. This applies to IDEAL Automotive as well as to its suppliers.

Respecting human rights and the associated due diligence obligations of companies is a special priority. Child labor is prohibited throughout the production chain. IDEAL Automotive has a zero tolerance for slave or prison labor and any other form of involuntary labor.

No discrimination

IDEAL Automotive does not tolerate discrimination based on color, religion, ancestry, national origin, age, disability, marital status, sexual orientation, political affiliation, union membership or the like, sex, and veteran status.

Occupational safety and health protection

Suppliers comply at all times with applicable laws and regulations in dealing with working hours, wages and benefits. All suppliers assure that your workers understand and agree to the terms and conditions of their employment.

Freedom of association and collective rate negotiations must be available to all employees (including suppliers and subcontractors).

Suppliers ensure a clean and safe workplace and also pay attention to maintaining and improving the conditions and safety of subcontracted workers. It also ensures employability through education and training.

Suppliers undertake to ensure occupational safety (e.g. personal protective equipment) and health protection (e.g. management of hazardous substances) at the workplaces, and to comply at least with all statutory provisions and guidelines in this regard.

HEAVY METAL BAN EU AUTHOR DIRECTIVE (2000/53/EG)

The EU directive contains a ban on cadmium and the restricted use of lead, mercury and chromium (VI) in vehicles (passenger cars + commercial vehicles up to 3.5 t) placed on the market after 01.07.2003. The final determination is made by transposition into national law. Affected are all vehicles, the currently existing product range and all new developments that will be put on the market after 01.07.2003.

It should be noted that not only all components to be newly developed have to fulfill these conditions, but also those components for which a type approval already exists and a sampling has taken place. The spare parts of vehicles that are no longer placed on the market after 02.07.2003 are not affected.

As our supplier, you are responsible for ensuring that the raw materials and parts you supply meet the requirements of the EU End-of-Life Vehicle Directives.

SUPPLIER QUALIFICATIONS

SUPPLIER SELECTION, APPROVAL

IDEAL Automotive maintains a list of suppliers who have proven their capability in the past and thus meet our expectations. All series materials and series parts are purchased only from suppliers who are on the list of approved suppliers.

New suppliers and new production sites can be added to the list of approved suppliers if the following criteria are met:

- A valid certificate according to at least ISO 9001, which is available according to the currently valid version
- The assessment made by IDEAL Automotive Purchasing is positive and
- A successful supplier audit and, if required, a potential analysis according to VDA 6.3

IDEAL Automotive expects its suppliers to have a functioning environmental management system and encourages its suppliers to implement a suitable environmental management system.

SUPPLIERS AUDIT

Suppliers are audited again when circumstances require. The type of auditing depends on the deficiencies.

If necessary, IDEAL Automotive will review its suppliers' processes. The supplier shall allow IDEAL Automotive to visit the production site and to inspect the required documentation after prior appointment.

In order to check the quality capability as well as in case of quality dips, IDEAL Automotive can carry out a "system" audit at the supplier's premises according to IATF 16949 or an IDEAL Automotive specific or according to VDA Volume 6 Part 3, self-audit according to Formula Q capability, if necessary a technical audit at the supplier's premises.

The supplier/service provider must grant both IDEAL Automotive and IDEAL Automotive's customers the right to inspect the delivered products, the processes and services at the supplier's premises for the corresponding specific requirements.

The findings obtained during audits and visits are treated confidentially and are not made available to third parties.

The reason for a supplier audit can be:

- Award of contract to a new IDEAL Automotive supplier.
- introduction of new products at an existing supplier.

- Process-relevant changes to the facilities, manufacturing locations (organization) or the quality system (supplier's duty to notify).
- If the quality level of the delivered products is persistently or repeatedly negative.

The visit (technical inspection) of the supplier by IDEAL Automotive in case of repeated complaints, massive customer annoyance or in case of expected production or delivery interruption will take place within 24 hours after the written notification.

If you have any questions, the responsible IDEAL Automotive departments will provide support and assistance. However, the responsibility for the quality of the products remains with the supplier.

SELF AUDIT

The supplier must perform an internal self-audit / process audit with product audit according to VDA 6.3 / VDA 6.5 at least once a year (validity period maximum 12 months) and send it to IDEAL Automotive upon request. The audit must be performed by a trained VDA 6.3 / VDA 6.5 auditor.

The supplier must perform the customer-specific audit at least 1x per year:

- For suppliers who deliver products for the VW Group in IDEAL Automotive, a self-audit based on the Formula Q capability (in the currently valid version) must be performed by a certified VDA 6.3 auditor with auditor card (alternatively certified EOQ auditor with additional training VDA 6.3). For more information on the Formula Q Capability self-audit, see Attachment No. 1.
- For suppliers delivering products for Volvo in IDEAL Automotive, an MSA (Manufacturing Site Assessment) and LDA (Lean Deployment Assessment) self-audit must be performed.
- For suppliers delivering products to GM in IDEAL Automotive, a "BIQS Supplier Assessment" based on GM 1927-30 must be performed.
- For suppliers delivering products for BMW in IDEAL Automotive, a "BMW Requalification for Product and Process" self-audit based on GS 90018 must be performed.

ONLINE MANAGEMENT

Online management means proving activities, measures and other activities by transferring objective evidence (video, photo, ...) via Internet communication with the customer. For communication via online management, the Supplier shall use Skype for Business / MS Teams software.

SUPPLIER DEVELOPMENT

IDEAL Automotive develops its suppliers towards IATF 16949 certification in the current valid state. IDEAL Automotive is ready to support its suppliers by sharing needed information, clearly defining expectations and promoting the exchange of knowledge and experience.

To meet IDEAL Automotive's requirements, the supplier's quality management system must focus on defect prevention rather than defect detection. Process or product characteristics must be selected to preclude the manufacture of non-conforming products. When risks or deviations have been identified by methods such as FMEA, capability studies, appropriate failure prevention methods must be used to minimize or prevent these risks during the planning of processes, equipment, and tools. These error prevention methods must also be used during problem solving.

Employees are considered to be the suppliers' most important resource. IDEAL Automotive therefore requires its suppliers to consistently train their employees and motivate them to promote continuous improvement.

SUPPLIER EVALUATION SYSTEM

The basic requirement for management systems is the pursuit of the "zero defect strategy".

The supplier evaluation is carried out every six months. The results of the evaluation shall be communicated to the supplier in writing. In case of classification B or C, the supplier must define appropriate remedial actions and send them to IDEAL Automotive Procurement and Supplier Development.

The entire supplier evaluation system is used to monitor and correct supplier quality performance. Quality performance is taken into account as a decision criterion when awarding new contracts.

The evaluation criteria that lead to an A, B or C rating are as follows:

- Series performance (frequency of complaints, PPM, faults encountered)
- Logistics services (adherence to delivery dates, quantity adherence, frequency of special deliveries)
- General services (cooperation procurement, cooperation QM, certificates, auditing).

An up-to-date description of the supplier rating is available on the IDEAL Automotive supplier portal.

Deviations for logistics services must be agreed in writing with the responsible IDEAL Automotive dispatcher. Unscheduled runs are to be noted with a corresponding reference on the delivery documents.

The supplier undertakes to monitor the development of its key figures in a timely manner and to ensure consistency with its targets and internal records. Objections as well as a special customer status (IATF 16949) are to be communicated to the responsible entity in writing without delay.

SUPPLIER PPM AGREEMENT

The supplier and IDEAL Automotive agree on the following limits for delivery to IDEAL Automotive plants for series deliveries. Based on this, the supplier implements a process to achieve and reduce PPM limits.

Series production
> PPM agreement between IA and supplier
= PPM agreement between IA and supplier
< PPM agreement between IA and supplier

- Yellow - the supplier implements an action plan to achieve the green zone. This is coordinated with the IDEAL Automotive receiver plant.
- Red - in addition to the yellow area, the supplier implements the appropriate measures for the affected scope of delivery to prevent IDEAL Automotive from n.o.k. deliveries.

All deliveries are used to calculate the PPM ratio. Calculation formula:

$$PPM = \frac{\text{Valued nonconforming units}}{\text{Delivered units}} * 1\,000\,000$$

UNITS FOR PPM CALCULATION

ICO (Intercompany):

Surface area= [m2]

Plastic parts= [pieces]

Granules[KG]

Bales [KG]

Suppliers:

Plastic & metal parts, damping etc.= [pieces].

Surface area= [m2]

Yarn, adhesive, polyurethane, powder, granules [KG].

Box pallets, pallets, layer pads, labels [pcs.]

ORDER DOCUMENTS

ORDER AND TECHNICAL DOCUMENTS

The supplier receives technical documentation with the IDEAL Automotive initial order. The supplier shall ensure that the documents pertaining to the order (e.g. CAD data, specifications, test specifications, etc.), if not available, are requested in writing from the respective purchasing department of IDEAL Automotive.

The supplier shall ensure via an internal distribution system that the latest valid documents sent by IDEAL Automotive are always available to all entities concerned. Invalid / obsolete documents must be destroyed or returned to IDEAL Automotive.

If reference sources or manufacturer-related material designations are prescribed in the technical documents and the supplier wishes to use other ones, written approval must be obtained via IDEAL-Automotive Project Management.

CONTRACT REVIEW

The supplier shall check the manufacturability of the product on the basis of the technical documents provided to him. By accepting the contract, he confirms the manufacturability and assumes full responsibility for the quality of the product. Deviations from the requirements are only permissible after written approval by IDEAL Automotive and subsequently require an amendment of the order documents.

DATA PROTECTION

The supplier shall maintain a system that ensures that the technical documents, information and other findings provided by IDEAL Automotive cannot be passed on to third parties and that the German Data Protection Act (DSGVO) is complied with.

QUALITY PLANNING

In particular, the planning results, as far as applicable, shall be documented in the form of

- a schedule and milestone plan
- an FMEA
- of process flow charts, process layouts, production control plans, pre-series and series
- of test and production plans as well as test or work instructions
- Requirements for production equipment, product and process characteristics

PRODUCTION CONTROL PLANS

The supplier undertakes to plan his quality management activities.

An important phase of quality planning is the creation of a production control plan. The production control plan describes the system of testing parts and processes. In addition, process monitoring instructions and maintenance schedules shall be defined and continuously applied.

A production control plan describes the actions required at each stage of the manufacturing process including incoming goods inspections, in-process inspections, and outgoing goods inspections, as well as all periodic inspections to confirm that all processes are under control. Periodic tests are, for example, functional tests, reliability and service life tests in accordance with the technical specifications and product requirements (product audit, requalification). Production control plans must comply with the requirements of IATF 16949.

The production control plan is required during the entire life cycle of a product, i.e. in the prototype, pre-series and series production phases. The supplier shall provide the production control plan with the PPAP documentation to confirm full process control, compliance with specifications and especially special features.

The production control plan contains all special features from the assembly or component drawings, as well as the special process features derived from the process FMEA.

The production control plan is to be executed according to the AIAG reference manual APQP or VDA volume 4.

SCHEDULE AND MILESTONE PLAN

The supplier creates the schedule and milestone plan for new parts to be developed before placing the order. This is binding after agreement with IDEAL Automotive and is part of the contract.

The schedule and milestone plan shall include at least the following key data, if applicable:

- Creation of FMEA's
- Creation of test plans
- Preparation of test resources
- Tooling dates
- Process series capability
- Sample parts not covered by the factory (if available)
- First tool dropping parts
- Correction phase supplier
- Schedule of first piloting
- Production and system filling
- Machines, process and measuring equipment capability

QUALITY DISCUSSIONS

The quality discussion serves both the joint coordination of quality requirements to be met and the improvement of quality results.

Quality discussions may be arranged at the discretion of IDEAL Automotive in coordination with the supplier during parts development and production.

FMEA

The FMEA helps to avoid errors through a structured analysis of potential failure modes. FMEAs must be performed during development, process planning as well as during series production. They are required for all new or modified products and processes. Due to development, process changes and product use, FMEAs require constant updating.

- **Design FMEA** shall be prepared for the parts for which the supplier has the design responsibility.
- **Process FMEA** is to be performed for all parts. FMEA identify process weaknesses, define measures to avoid them and are to be performed prior to the production of tools and equipment. During the execution, the special features from the design FMEA as well as assembly or component drawings are to be particularly considered.
- **System FMEA** replaces the traditional design-process FMEA and is to be elaborated as a system FMEA in particular when further processing assemblies or end products consisting of several individual parts are involved.

The product features and process parameters identified as significant or critical by the FMEA's become essential features of the production control plan.

Measures to reduce causes of defects with high risks must be implemented before initial sampling. The supplier must make the process FMEA available to IDEAL Automotive for inspection at any time.

FMEAs of the suppliers can be viewed by IDEAL Automotive after advance notice. The FMEA creation has to be based on the VDA volume 4.2 in the current valid version. FMEA's must be created at the agreed milestones.

QUALITY ASSESSMENT OF DESIGN RESULTS

In the sense of error-preventive production and continuous quality improvement, IDEAL- Automotive intends to implement a quality assessment of the achieved design results (development concept, development samples) within the scope of design reviews.

The quality assessment refers to suppliers who have the design responsibility. Review appointments are made in mutual agreement.

The assessment is carried out against the specifications and requirements. If the results achieved deviate from the quality requirements in the specifications, the supplier must plan and implement corrective measures.

PROCESS CAPABILITY

The supplier shall carry out process capability tests for all characteristics which, in particular, influence function or safety or have an important quality-determining property. (Fit / Function / Risk).

The implementation shall be based on VDA Volume 4.1. At least 25 samples of 5 subgroups are required for all significant and critical (SC/CC) characteristics. Omission of the process capability study or proof with lower quantities requires the prior approval of IDEAL-Automotive.

The expected process capability based on a pre-production is achieved when the parameters of expected process capability ($P_p > 1.67$) and expected process capability characteristic value ($P_{pk} > 1.67$) are fulfilled. These parameters must be documented and presented by the supplier as part of the process validation.

The process capability of series production is achieved when the parameters process capability ($C_p > 1.67$) and process capability characteristic value ($C_{pk} > 1.33$) are fulfilled. These parameters must be documented and verified during ongoing series production by means of manually guided control charts or statistical process control (SPC). IDEAL Automotive has the possibility to inspect the evidence upon request.

If the characteristic values of the process capability are not achieved, process optimizations are to be implemented using all forces and suitable test procedures are to be applied so that the quality target can be met. If defective parts are discovered at IDEAL Automotive, the supplier shall ensure that the defects are remedied immediately by taking suitable measures.

INSPECTION PLANNING

In the case of an order, the supplier shall draw up inspection plans for incoming goods inspection, parts production, assembly, outgoing goods inspection and materials inspection. The inspection planning has to be carried out according to VDA regulations or the APQP process.

All critical and important features from the drawings, CAD data and technical documents as well as the function of the parts (if applicable) shall be included and marked in the inspection plans.

If parts-related test equipment / measuring equipment is required, the supplier must procure this at his own responsibility. The test and measuring equipment must be available before the start of the pilot series.

DELIVERY CERTIFICATION / DOCUMENTATION

According to agreements concluded with IDEAL Automotive, the specification-compliant design of the products must be certified with an acceptance test certificate according to DIN EN 10204 and enclosed with the delivery documents for each delivery from a production batch or sent electronically in advance to the incoming goods department of the IDEAL Automotive recipient plant.

The acceptance test certificate must contain measured values for material properties and geometry.

SAMPLING

DEFINITION

Initial samples are parts that have been manufactured completely with series-production equipment and under series-production conditions. The supplier will be notified of the initial sample schedule as a part of the purchase order. IDEAL Automotive must be informed immediately of any deviations from this deadline which are foreseeable by the supplier, otherwise IDEAL Automotive reserves the right to charge the supplier with all resulting consequential costs.

All other samples such as hand samples, samples from "pre-production" tools, samples from series tools that are not produced under series conditions must be clearly marked as such and do not replace the official initial samples.

The initial sample inspection is used for the release of series production if all dimensional, material and functional criteria are met, which have been agreed upon according to drawing, CAD data and specifications between IDEAL Automotive (project management/Q planning) and the supplier. If the supplier's test results show that the parts do not correspond to the drawing or specifications, the manufacturing process must be corrected and new initial samples be presented after consultation with IDEAL Automotive.

Exceptions: IDEAL Automotive (Q-Planning) agrees to a drawing correction / specification change, which then leads to a change in the order documents. All agreements that have an influence on the measurement and test results must be in written form and must be attached to the test report and released by IDEAL Automotive Q-Planning.

The initial sampling is to be carried out either according to VDA Volume 2 or according to PPAP after consultation with IDEAL Automotive. Parallel to the initial sample procedure, the material data must be documented by the supplier in the electronic material data system of the IMDS database of the VDA prior to the initial sample. For more information on Internet, visit <http://www.mdsystem.com>.

In the dimensional and material test report, all specified properties from the drawing and specification, including all end customer specific (OEM) requirements, are to be stated in principle. In the dimensional report, for complicated parts, specify the fixture, alignment base. The clamping, clamping sequence, alignment and tools used must be sufficiently documented and should be coordinated with IDEAL Automotive (laboratory/Q planning) prior to initial sampling.

CHANGED INITIAL SAMPLE DATE / RESAMPLING

If an initial sample is rejected due to supplier's fault, rejected or released only with a condition, corrected initial samples shall be presented immediately by the date specified by IDEAL Automotive. IDEAL Automotive reserves the right to charge the supplier for all resulting costs (e.g. additional expenses due to subsequent inspections, charges from the end customer, etc.).

Supplier agrees to maintain an Ideal Automotive or OEM specific parts history so that all supplier and IDEAL Automotive changes can be fully tracked with dates of use. Tooling costs will only be instructed for payment after successful sampling with grade 1 (passed) and complete IMDS entry.

MASTER PATTERN / LIMIT PATTERN / REFERENCE PATTERN

MASTER PATTERN

The "master samples" for color, grain, varnish, etc. specified in technical documents are binding.

The master patterns are used to clearly define surfaces.

All master patterns must always be stored protected from environmental influences.

LIMIT PATTERN

Tolerances to the above-mentioned master samples are defined using "limit samples" with IDEAL-Automotive Quality Management and must be documented.

REFERENCE PATTERN

As a reference sample, the first and last part from the production run is kept until the part is remanufactured at the next production startup.

If the manufacturing status of a part / product deviates from the technical documents in terms of dimensions, color or surface, the deviation must be approved in writing by IDEAL Automotive.

Once approval has been granted and the number of units has been limited, this manufacturing status is documented with a reference sample.

PERFORMANCE TEST

The supplier is obliged to carry out a performance test for all tool-bound components on his own responsibility (e.g. 2-day acceptance, run at rate, process series, etc.) and to send the result with the initial sample documents to IDEAL Automotive.

The Ideal Automotive document can be downloaded electronically from the supplier portal

<https://www.ideal-automotive.com/lieferantenportal/> .

IDEAL Automotive reserves the right to participate in this performance test at the supplier's premises or to verify the result on site.

SERIES MONITORING

TEST EQUIPMENT / MEASURING EQUIPMENT

In order to ensure the testing and measuring equipment capability, the supplier is obliged to check his testing equipment regularly and to document the results. The inspection shall be carried out in accordance with the latest state of science and technology (VDA Volume 5 Test Process Suitability or AIAG MSA.).

TESTS / REQUALIFICATION TESTS

The supplier shall ensure systematic quality assurance measures:

- Goods inwards tests
- Monitoring of process parameters
- Statistical process control (SPC) for the qualified processes
- 100% test in case of non-qualified processes
- Material tests / lifespan tests
- Audits (product audits, in accordance with VDA6.5)

The requalification test must be performed at least 1x per year (validity period maximum 12 months) according to the technical requirements of our supplier specification (unless otherwise agreed). The test reports on the requalification tests must be provided within 24 hours upon request by IDEAL Automotive or will be sent annually by the supplier to IDEAL Automotive Q-responsible without request. The requalification tests must be defined in the production control plans.

The selection of the necessary measures depends on the manufacturing prerequisites and product requirements.

We reserve the right, if necessary, to carry out tests or acceptances of products by us or our customers on your premises.

TRACEABILITY

Proof of traceability is required from the time of initial sampling for all parts and for characteristics that affect safety or legal requirements. It is required that the supplier has installed a traceability system for all parts delivered to IDEAL Automotive, which gives conclusions about the production lot, production date, etc.

The supplier is obliged to improve or stabilize the quality and to enable a quick containment of defective parts by traceability. The traceability plan must be submitted together with the quality plan and approved by IDEAL Automotive.

The system must include:

- Traceability of delivery batches on the supplier order number, supplier batch numbers, Shift, production line, test documents.
- The lot numbers / date codes must be indicated on each packaging unit.
- No more than two lot numbers/date codes per shipping unit.
- The lot numbers/date codes must be delivered in the order of their production
First In - First Out (FIFO) of parts must be observed for stocking and warehousing.
- Speia• Component-specific marking is required according to the drawings.

Parts received by IDEAL Automotive without appropriate marking for traceability are discarded.

CHANGES OF PARTS AND PROCESSES

Suppliers must not make any independent changes to a production process or product. If there is a need for a change, a formal request from the supplier is required in a timely manner before the change is implemented.

This request must be sent to the appropriate purchasing department and the responsible supplier quality contact of IDEAL Automotive. Submission of this request does not guarantee the permission to initiate or make the change.

The modification should only be carried out after written approval from IDEAL Automotive has been received by the supplier. The required scope of sampling must be agreed upon with IDEAL Automotive in advance and communicated before the measure is implemented.

All products shipped to IDEAL Automotive that are subject to this approval must be marked accordingly.

TEMPORAL RESTRICTED CHANGES / DEVIATION AUTHORIZATION / SPECIAL RELEASE

IDEAL Automotive expects its suppliers to fully comply with the specifications. The supplier shall deliver products which do not comply with the requirements (drawings, specifications or similar) only with a valid deviation authorization (AWE) issued by IDEAL Automotive.

The supplier must apply for this AWE in writing including signature to the responsible IDEAL Automotive SQE. While applying for an AWE, the supplier is required in particular to provide a detailed report with the exact description of the deviation, with part marking, definitions of measures, responsibilities and deadlines.

The supplier must ensure the traceability of all products supplied with the AWE.

Material supplied under the special release must be clearly marked with an additional label and a copy of the special release.

During the AWE period, the supplier must resolve the problem and maintain close contact with the affected IDEAL Automotive departments. Corrective actions shall be included in the supplier's quality system documentation. In case of possible delivery bottlenecks, the logistics department or the IDEAL Automotive plant concerned must be notified immediately. IDEAL Automotive reserves the right to charge the supplier for the additional costs. Additional freight costs incurred due to delivery bottlenecks shall be documented by the supplier and made available upon request.

In case of deliveries without valid AWE, IDEAL Automotive reserves the right to officially claim the deliveries to the supplier.

Suppliers shall not be entitled to the issuance of the AWE.

MANDATORY LABELING AND REWORK

The following special markings must be carried out by the supplier:

- Identification and delimitation of defective parts in the supplier's stocks, goods in transit and stocks at IDEAL-Automotive.
- Mark the first three shipments of defect-free parts and all reworked parts with an appropriate label on each container.

Any rework on parts delivered to IDEAL Automotive must be approved and released in writing by the IDEAL Automotive plant quality department prior to shipment of such parts. They must be labeled accordingly and, if possible, delivered as a separate shipment.

The supplier must ensure that the reworked parts are checked by the supplier's quality department for compliance with the agreed rework before shipment. Corresponding documents must be made available to IDEAL Automotive upon request.

EMERGENCY PLANS

The supplier shall prepare an emergency plan showing how the supply to IDEAL Automotive will be ensured in case of the following events:

- Labor shortage (sick leave, strike)
- Failure of important operating resources and machines
- Capacity bottlenecks as customer demand increases
- Capacity bottlenecks in the event of customer complaints
- Quality and delivery problems of its sub-suppliers incl. delivery interruptions
- Interruption of the power supply
- Natural catastrophe
- Interruption of the supply systems or disruption of the infrastructure
- Fire
- Data transmission problems
- Other serious events that could jeopardize the supply situation

If the supply cannot be ensured despite all emergency plans, written information must be sent immediately to IDEAL Automotive (Purchasing, Logistics).

The emergency plan must be periodically reviewed for effectiveness, as appropriate (e.g., simulations, as appropriate).

The emergency plan must be evaluated and updated regularly as necessary (at least annually) by a multidisciplinary team, including senior leadership.

The supplier must send any new revision of the contingency plan to IDEAL Automotive Purchasing.

REDUCTION OF INCOMING GOODS INSPECTIONS

With regard to the quality assurance obligations assumed by the supplier, IDEAL Automotive shall inspect the incoming deliveries only according to article numbers, quantity, recognizable transport damages and obvious defects. Retention samples are taken by IDEAL Automotive. After understanding about the defect, we shall notify the supplier of the defect without delay, at the latest within one calendar week. In all other respects, Sections 377 and 381 (2) of the German Commercial Code (HGB) shall be excluded.

In addition, depending on the result of the quality assessment to which both the supplier and the supplier's products are subjected at regular intervals by IDEAL Automotive, IDEAL Automotive also carries out quality-related random incoming inspections.

The supplier undertakes to provide both material and metrological results of the requested production batch to the IDEAL Automotive plant (incoming goods department) within 24h.

PREVENTIVE MAINTENANCE

Through preventive maintenance, the supplier ensures that the tools, machines and equipment used are functional and ready for use at all times.

COMPLAINTS

QUALITY AND DELIVERY PROBLEMS

All faulty deliveries (quality, logistic problems) detected in the IDEAL Automotive factory will be claimed and the responsible supplier will be notified immediately. In order to avoid production downtime at the IDEAL Automotive plant, the delivery of defect-free parts to the line must be a top priority for the supplier. For this reason, suitable accessibility of the supplier must be ensured (24/7).

REACTION TIME OF THE SUPPLIERS

The supplier must react immediately to the complaint so that suitable measures such as sorting, replacement of stocks, reworking, etc. can be agreed, unless this is expressly waived by the respective IDEAL Automotive plant.

The supplier's response time to be observed can be very short (e.g. one hour) in cases of need. If the supplier does not react within a reasonable time, despite knowledge of the demand situation, which regularly depends on the stock and production situation, IDEAL Automotive may start and, if necessary, complete the necessary work for the supplier and at the supplier's expense. These costs include internal expenses such as sorting, scrapping, special freight, internal analysis time, rework, etc. as well as costs from external companies. The actions to be taken by IDEAL Automotive are in the interest of the supplier to avoid major damage or consequential costs due to e.g. production downtimes.

HANDLING OF FAULTY UNITS

ADDITIONAL POINT HANDLING OF INCORRECT DATA AND PAPERS

If the supplier receives a complaint, the supplier is obliged to the following:

To analyze whether the affected material (or other potentially affected materials) were also shipped to other IDEAL Automotive plants or subcontractors.

- To analyze whether the affected material (or other potentially affected material) is still in transit to an IDEAL Automotive plant.

- In the event that other IDEAL Automotive plants are affected, they must be informed immediately of the non-compliance.
- Initiation of immediate measures: - The shipping warehouse and circulating stock is blocked and a 100% inspection for the offending characteristic is performed. It must be ensured that products which are still in transit are also inspected.
- Sending 8D copies, including updates, to these sites

- Set up necessary communications with affected sites e.g. conference calls, etc.

8D- REPORT

In response to the complaint, the supplier shall provide an 8D report and meet the following processing deadlines:

- Steps D1 to D3 within 24 hours (based on one working day)
- Steps D4 and D5 within 72 hours
- Steps D6 to D8 and completion within 8 calendar days.

On the basis of the customer or factory requirements, the processing time may be shorter. The 8D form must be uploaded on the recommended platform

If the deadline of 8 days is exceeded, the respective Ideal Automotive plant must be informed.

TEST REPORT / NOTICE OF DEFECTS

The supplier will be charged any costs for necessary actions on the part of IDEAL Automotive or its customers.

If you have any queries regarding the test report/notification of defects, it is essential that you quote the test report/notification of defects number and the named person responsible.

The following cost breakdown applies to all IDEAL Automotive plants:

	DE	East Europe (CZ, SK, PL ...)
Reclamation Effort:	150 €	150 €
Reclamation processing (IA-QS):	53 €/h	40 €/h
NIO EMPB/PPAP:	250 €	250 €
Sorting by IA staff:	43 €/h	29 €/h
Deployment Techn. Customer service:	53 €/h	40 €/h
Logistics (organization of rework):	53 €/h	40 €/h
Logistics (forklifts/storage areas):	22 €/h	21 €/h
Scrapping costs:	0.50 €/kg	0.50 €/kg

For this purpose, we proceed according to the IDEAL Automotive observation program. This can be made available upon request.

WARRANTY MANAGEMENT - ANALYSIS AND FINDINGS

In addition to the typical quality indicators for the O-Km range, IDEAL Automotive is obligated to OEM's to optimize its products in terms of warranty coverage.

IDEAL Automotive derives corresponding warranty targets for suppliers. These warranty targets are agreed by IDEAL Automotive with the supplier on a project-specific or overall basis for the supplier's scope of supply. In case of deviations from the target, the supplier shall initiate appropriate actions and present them to IDEAL Automotive.

IDEAL Automotive follows the respective OEM standards or the VDA volume for field damage analysis when handling and reporting field damage parts.

The aim is to define a systematic and uniform procedure for analysis by suppliers. The focus here is on determining the cause of the field damage and establishing corrective actions. For this purpose, the supplier must describe his process.

If the supplier is not able to name a cause for the field damage or has not found a fault, this is an indication of a less than optimal analysis strategy on the part of the supplier. Unless otherwise agreed, an NTF (No trouble found) process must be started.

IDEAL Automotive is entitled to audit the supplier's warranty processes after prior coordination with the supplier.

DOCUMENTATION / PRODUCT SAFETY REPRESENTATIVE (PSCR)

IDEAL Automotive expects its suppliers to comply with the document control and archival. Archiving must ensure access to the data during the retention period. For technical documents that do not refer to safety-relevant parts or features, a retention period of at least 10 years after the last use or reference applies, unless other periods are agreed. For all other documents, 15 years after EOP applies. The documents must be easily accessible during this time.

PARTS REQUIRING DOCUMENTATION (SAFETY SYMBOLS: D / / / / L / DZ / TLD / A1)

This point only concerns parts or materials that are explicitly marked as such in the specifications for suppliers issued by IDEAL Automotive (see point 3.1.3). The basis for carrying out the documentation is the VDA brochure, Volume 1 "Parts requiring documentation at automotive manufacturers and their suppliers".

The symbols make it clear that there is a legal documentation obligation (part requiring documentation). Parts subject to documentation are products for which a particular risk is to be expected under the circumstances of product liability.

Parts as well as their characteristics are clearly marked in the IDEAL Automotive documentation. The supplier is responsible for the documentation.

The supplier undertakes to keep the documentation in such a way that it can be proven at any time without gaps that the specifications have been fulfilled, corresponding test results are kept and documented.

The documentation obligation extends over a period of at least 15 years or according to customer-specific requirements and must take place in a suitable form (e.g. storage in a fireproof steel cabinet), whereby proof of the care exercised must be provided if necessary (proof of discharge).

The documents must be handed over to the IDEAL Automotive representative or the responsible authority without delay upon request. This primarily concerns the verification of flame retardancy in accordance with FMVSS 302.

For components, which are marked as D-part in the supplier specification and used for ZSB components, which are delivered to the VW Group, the supplier has to perform a D-part audit once a year and send it to IDEAL Automotive upon request.

For the components affected by this, this procedure is clearly described in the supplier specification.

Audit check list for the D-part audit is available at <https://www.ideal-automotive.com/lieferantenportal/> .

GENERAL DOCUMENTATION

For all parts and features not subject to documentation, the records and regulations must be kept for at least five years and presented to IDEAL Automotive upon request. Furthermore, the respective legally prescribed retention periods must be observed. The retention periods for characteristics requiring documentation, taking into account VDA Volume1, are dealt with in Chapter 3.9.1.

PRODUCT SAFETY REPRESENTATIVE (PSCR)

The supplier must internally appoint a product safety representative and his deputy for each stage in the supply chain.

The training of the PSCR and deputy must have been carried out by a training course or license partner recognized by Volkswagen AG..

The training certificates and the telephone numbers/email addresses are to be sent to IDEAL Automotive's purchasing department.

The tasks of the product safety officer are defined at the supplier in the appendix no. 6.

MARKING

MARKING OF SERIAL PRODUCTS

If a marking is required for parts in the drawing or specification, it must be included as required in the drawing.

LABELING OF HANDLING AND PRODUCT CHARACTERISTICS

Clear instructions on the handling of the goods ("Caution fragile" or similar) are required.

For auxiliary materials (adhesives, primers, activators, etc.), a shelf life label and recommended storage temperature must be indicated.

LOGISTIC REQUIREMENTS

INFORMATION EXCHANGE

In order to ensure high-quality logistics, a functioning exchange of information is indispensable. Communication between IDEAL Automotive and the supplier is the basis for a functioning supply chain.

Successful cooperation is based on strict adherence to agreements and rules as well as on immediate and unsolicited information about issues affecting the cooperation, such as processes, capacities, changes and bottlenecks (supplier's obligation).

IDEAL Automotive expects its suppliers to communicate opportunities and findings on cost-saving potential, process optimization and improvements in cooperation and to work together on their rapid implementation.

In order to conclude the contract, the supplier shall send the emergency plan with contact details fully completed to the responsible purchaser IDEAL Automotive (purchasing@ideal-automotive.com) for forwarding to the customer plant.

AVAILABILITY

The supplier's contact persons must be available between 8 a.m. and 4 p.m. on weekdays. Since IDEAL Automotive's plants usually operate in multiple shifts, it is necessary that

IDEAL suppliers ensure their availability even outside normal office hours. For this purpose, the supplier shall designate a central contact point / mobile phone number with availability from 0.00 hrs to 24.00 hrs.

In the case of escalation requests **marked "urgent"**, for example due to an impending supply bottleneck, **a response is required within one hour at the latest.**

If the supplier is not yet able to make a conclusive statement at this time, the supplier must provide the current information status.

In the event of prolonged supply difficulties, a backlog reduction plan must be drawn up.

The supplier shall immediately communicate **any deviations of the deliveries** from the orders (date and quantity) and any expected delivery bottleneck to the responsible scheduler (supplier's obligation to deliver).

Additional requirements will be communicated to the supplier by the responsible dispatcher in good time

including quantity and time. The supplier must inform the dispatcher as soon as possible, but no later than within 2 working days, whether the additional demand can be met. Otherwise, it shall propose to

the dispatcher the best possible alternative delivery date or delivery schedule (delivery in partial quantities).

If the supplier does not provide any information, IDEAL shall consider this as consent and shall assume that the delivery will be made on time and in the correct quantity.

SUPPLIER EVALUATION

The evaluation of quality performance, adherence to schedules and quantities, cooperation, frequency of special deliveries, delivery and data quality as well as existing quality management and environmental certificates are taken into account in the semi-annual supplier evaluation. The supplier will be informed of the evaluation results in writing - in the event of deviations, the supplier must take suitable measures and provide evidence of sustainable elimination.

For general information requests from IDEAL Automotive to a supplier, a same day response is required. In case of absence of individual employees of the supplier, it must be ensured that a suitable substitution arrangement has been made.

Substitute arrangements must be in place for all contacts.

COORDINATION MEETING

IDEAL Automotive reserves the right to conduct coordination meetings with the suppliers. In the event of significant changes or problems relevant to the cooperation, the conversation is organized by the respective partner concerned. The supplier is obliged to participate.

SUPPLIER VACATION

Within the shutdown period, the supplier must ensure that deliveries are made in accordance with the call-off schedule lines. **Pre-scheduling for the period of the supplier's company vacation is only possible in exceptional cases and in consultation with the responsible IDEAL dispatcher.**

CONFIDENTIALITY

IDEAL Automotive and its suppliers undertake to treat the stipulations and agreements made as well as the corresponding documents confidentially. It is agreed to actively provide the partner with important information. IDEAL Automotive assumes the confidentiality of the exchanged information as a principle of a stable business relationship observed by the supplier.

ORDER PROCESS

IDEAL Automotive uses 2 possible ordering systems. The suppliers receive the requirements either as delivery schedules or as purchase orders.

The dates stated in the delivery schedules / order are receipt dates at IDEAL Automotive. In principle, orders / delivery schedules are to be regarded as legally binding (transmission by EDI, e-mail, fax, mail) and do not require a written order confirmation.

For IDEAL Automotive, the exchange of order (LAB) and delivery information (ASN) is only possible via electronic data transmission (EDT). The transmission channel by fax, e-mail, other (analog) is gradually being abolished.

AUTOMATIC DELIVERY SCHEDULES

Automatic delivery schedules basically correspond to scheduling agreements, i.e. you specify a certain delivery quantity for a certain validity period under certain conditions. Within the validity period, the material can be ordered or purchased at (irregular) intervals at the conditions stored in the scheduling agreement.

The order proposals generated from MRP in the ERP system are immediately converted into purchase orders and sent to the supplier via a medium to be selected. Automatic delivery schedules are always selected as a form of ordering if it is ensured that the requirements automatically determined in the course of material requirements planning do not have to be sifted again and are not subject to major fluctuations.

Delivery schedules are to be seen as binding delivery instructions accurate to the day, and in the medium and long term as demand forecasts accurate to the week or month. Delivery schedules are transmitted on a rolling basis. They are updated regularly and contain the preview of the end customer needs available to us (IDEAL).

The last delivery schedule transmitted in each case shall be binding and shall replace earlier delivery schedules. An order confirmation is not made separately, but by the schedule acceptance.

IDEAL Automotive does not accept any obligation to take delivery of goods. Production and material releases are transmitted with the delivery schedules or agreed separately and only apply when an item is discontinued.

(INDIVIDUAL) ORDERS ON THE BASIS OF FIXED DATES AND QUANTITIES

Individual purchase orders are generally used to order goods at irregular intervals and quantities or at fluctuating conditions.

In the case of individual orders, reference shall be made to a quotation requested in advance by IDEAL from the supplier.

Individual orders represent an increased scheduling effort for supplier and scheduling department IDEAL Automotive and are to be regarded as exceptional cases. Delivery schedules or the transmission

of quantity forecasts from framework agreements shall be preferred to individual orders if the product to be delivered and the supplier logistics permit this.

EDI GUIDELINES

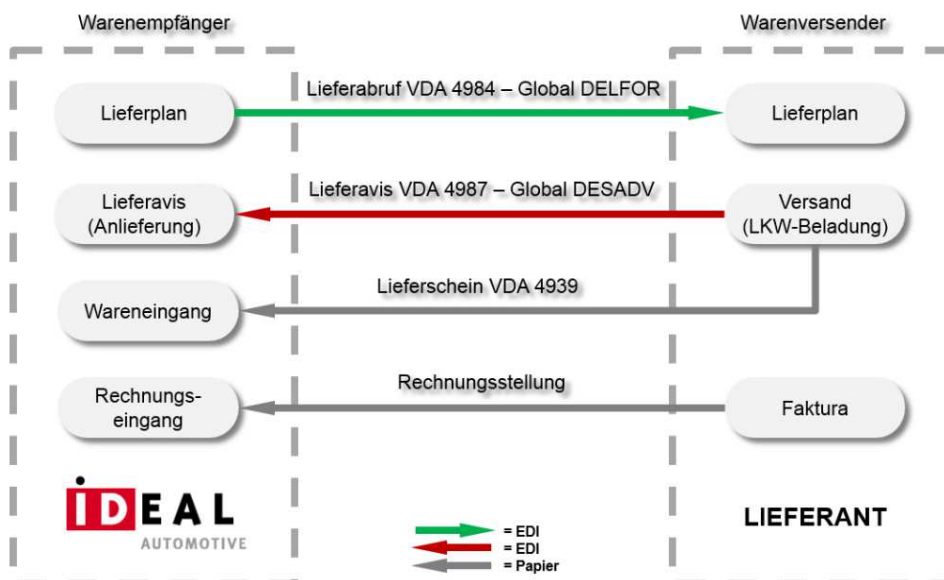
IDEAL Automotive requires the use of remote data transmission for the transmission of delivery schedules, as the supplier thus receives the complete overview of dates and quantities automatically as requirements in the requirements planning of his ERP system, without having to enter the requirements dates and quantities manually.

IDEAL Automotive expects the notification of delivery by ASN (Advanced Shipping Notice). For this, the VDA standard in the message format VDA 4913 edition V0.4 or Global DESADV VDA 4987 is to be used. The packaging structure must be mapped in the ASN in a VDA-compliant manner.

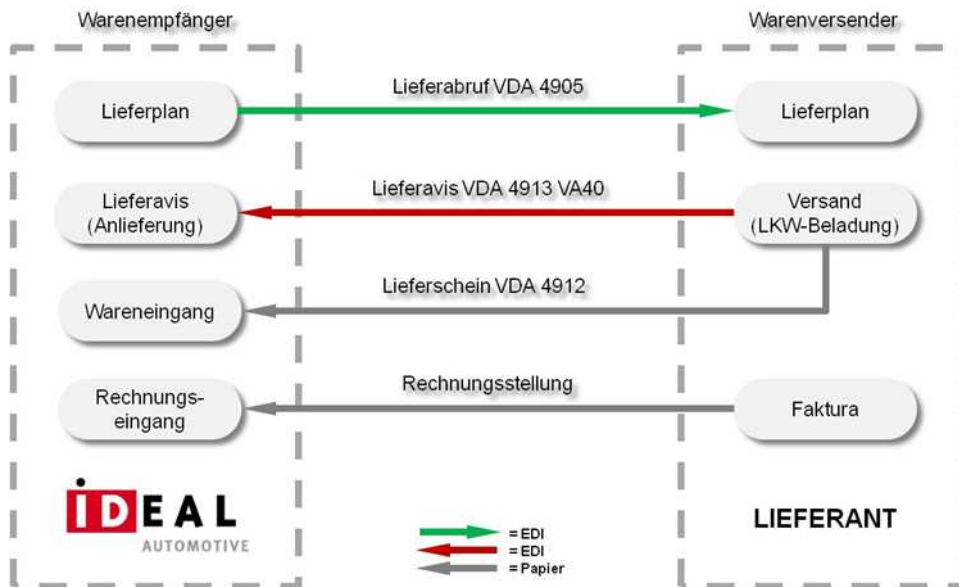
The following applies to deliveries to our SAP plants: Preferred Global DESADV VDA 4987, alternatively EDIFACT VDA 4913

For deliveries to all other plants, following is applicable: EDIFACT VDA 4913

The following diagram shows the VDA standards to be implemented for IDEAL SAP plants:



The following diagram shows the VDA standards to be implemented for all other IDEAL plants:



If the supplier is not able to receive or send RDT data, the required quantities and dates will be provided as a delivery schedule or purchase order via **automatically generated email**.

The supplier should designate or set up a person-neutral email address for this purpose,

<https://www.ideal-automotive.com/lieferantenportal/>

It is helpful that the supplier provides the email address with an automatic confirmation of receipt. For queries, do not reply to the IDEAL sender address, but contact directly the contact person named in the document header of the order or the known IDEAL dispatcher.

SHIPPING PROCESS

LABELING OF THE CARGO UNITS

The supplier shall mark all shipping units by means of goods hangers.

The following applies to deliveries to our SAP plants:
Label

VDA 4994 – Global Transport

Alternatively and for deliveries to all other plants, following is applicable: VDA 4902

Label on loading units can be characterized as:

- Master label of a homogeneous loading unit: The loading unit contains parts of the same part number packed in inner packing means (e.g. KLT). These inner packaging materials are identified by their own labels (single label).
- Master label of a mixed loading unit (mixed label): The loading unit contains parts with different material number packed in inner packing means. These inner packaging materials are identified by their own labels (single label).
- Single label simplified loading unit: The loading unit contains parts of the same part number, which are not packed in inner packing means

The physical assignment of the SINGLE label to a MASTER/MIXED label on the HU must correspond exactly to the HU structure in the electronic transmission via ASN. It is important to correctly assign the individual SINGLE labels to the higher-level MASTER/MIXED label number. This must be ensured by the supplier when assigning the labels to the containers in the shipping process.

The fully and correctly completed goods tag is to be attached in a clearly visible and durable manner to the specified positions/fixtures of the load carriers, see illustrations.

In case of non-returnable packaging and roll goods, the goods label must be attached on the front side.

A goods label must be affixed to each load unit, container and individual package within a load unit; irrelevant labeling must be removed prior to shipment to IDEAL Automotive. Goods tags must be attached to reusable packaging using easily removable, residue-free adhesive dots. It must be ensured that the fastening is sufficient.



DISPATCH DOCUMENTS

The supplier shall ensure that the delivery documents are properly completed. Delivery without the required information can not be booked. IDEAL Automotive reserves the right to invoice the supplier for the additional expenses incurred.

The following delivery documents must be presented in full at the goods receiving department upon delivery:

- Delivery note:
 - o The following applies to deliveries to our SAP plants: VDA 4939
 - o Alternatively and for deliveries to all other plants, following is applicable: VDA 4912 for delivery note DVF (VDA 4913 VA40)
- Freight bill:
 - o The following applies to deliveries to our SAP plants: VDA 4933 T1 DESADV
 - o Audit check list for the D-part audit is available at: VDA 4922, in case of delivery location outside Germany additionally CMR-freight letter (filled, signed by the sender, and stamped)

Parts for initial sample testing must be listed separately on the delivery bill.

The preparation of the delivery documents as well as the loading have to be carried out according to the unloading point. When using the delivery note-DFÜ, the delivery note-receipt (VDA 4987 Global DESADV/ VDA 4913 VA40) must be transmitted at the latest when the goods are shipped.

Delivery bill documents must always contain the following information:

- the complete IDEAL number of the order (order number or framework agreement number / call-off number)
- complete IDEAL Parts number
- complete IDEAL product description
- Delivered quantity per IDEAL product number
- Lot number / batches
- Number of delivered loading devices (pallets, cartons, KLT, GLT, lattice boxes, etc.)
- complete IDEAL Parts number of loading device
- the contact information of the supplier (processing dispatcher)
- Weight
- Delivery condition

For suppliers with company headquarters outside the EU, additional indication of customs tariff number and country of origin. Other documents are required, see the point Customs.

Make sure that a copy of the delivery bill is attached to the bill of lading/shipping order.

MULTIPLE CONTAINERS, MIXED PALLETS, SPECIAL CASES

If there are several pallets or containers, it must be possible to clearly assign the individual containers to a delivery bill.

More orders

If several orders are combined into one overall delivery, the delivery documents must still show a clear assignment to each individual order.

Mixed palettes

In case of mixed pallets, the pallets must be marked by a special label size DIN A4 with the indication "Mixed cargo".

Special cases

In the special cases listed below, combined delivery is only permitted with separate marking on the loading unit.

- Pre-series delivery of sample parts without part number (indication of the project on each side of the loading unit).
- Deliveries with a special release
- Initial deliveries of new release stock
- Sample orders
- Submitting packaging proposals

The marking has to be made on all 4 sides of the loading unit in size DIN A4 in signal color yellow and with necessary information about the special case indicating the project e.g. " Sample part delivery, vehicle/project: For the attention of ..."

In the above-mentioned special cases, the delivery bill must be attached to the loading unit in a clearly visible position in addition to the shipping documents described.

DELIVERY TIMES

The delivery times are regulated differently at the individual IDEAL locations and must therefore be coordinated individually with the individual plants.

In order to optimize the dock utilization of the recipient plant, the time windows to be adhered to are coordinated between the supplier and IDEAL Automotive before the start of series deliveries.

Deliveries outside the specified times are only permitted in exceptional cases after consultation with the disposition and the incoming goods department - deviations from this require a separate agreement, otherwise the goods will not be unloaded.

In case of late deliveries, IDEAL Automotive reserves the right to charge the supplier for additional expenses.

ON-TIME DELIVERY AND NOTIFICATION

The supplier is fully responsible for the punctual and proper arrival of the goods in case of "free home" deliveries. The supplier shall ensure that the commissioned forwarding agent can always provide information about the whereabouts of the goods.

In case of "ex works" deliveries, the supplier shall be responsible both for the punctual provision of the delivery volumes and loading and for the timely and correct notification of the carrier, unless otherwise agreed. Notification must be made in time for the goods to be delivered on the specified arrival date.

In exceptional cases (production stoppages or similar), IDEAL Automotive reserves the right to postpone or cancel deliveries planned by the supplier at short notice.

CUSTOMS

Origin of goods

If the supplier has its production facility and / or place of business within the European Union, the supplier is obliged to issue a supplier's declaration in accordance with VO (EC) 1207/2001 (individual or long-term declaration) in accordance with the respective applicable EC regulations. In principle, the supplier receives a separate letter with a corresponding form (supplier declaration) at the turn of the year. The supplier undertakes to sign the supplier's declaration in a legally binding manner and to send it to the responsible office within 4 weeks of receipt.

IDEAL Automotive to send it back. Of course, the supplier can issue the required supplier's declaration on his own business paper within the framework of Regulation (EC) 1207/2001.

Obligation to information

In principle, the supplier must mark the invoice and delivery bill with the following information in addition to the information from the section "Shipping documents":

Preference authorization on invoices

In case of customs clearance by IDEAL Automotive, the supplier must provide the following documents: Invoice, shipping documents, certificate of origin, preference certificate, export documents.

Suppliers from countries that do not belong to the EU

Unless otherwise agreed, customs clearance for shipments exceeding EU customs borders is generally carried out by the supplier.

All papers and documents required for cross-border traffic (especially preferential certificates) must be provided by the supplier at his expense, and enclosed in the shipment.

SPECIAL SHIPMENTS

All material transports that are to reach their destination faster in order to avoid a supply gap or that require more frequent deliveries than the agreed delivery frequency due to disruptions in the production or delivery process are declared as special deliveries.

The supplier is responsible for organizing the special shipments, unless otherwise agreed by telephone with IDEAL disposition.

The costs for special shipments are always borne by the party responsible for them. Priority is always given to ensuring supply.

Documentation obligation special shipments: For IDEAL Automotive, continuous improvement of quality forms the basis. One tool for this and a requirement of our customers is compliance with IATF 16949.

Within IATF 16949, documentation of additional freight costs for special shipments by our suppliers is required. It is considered that the costs caused by the supplier for special shipments and their causes must be recorded by the supplier. The supplier is obliged to make this documentation available at any time upon request.

PACKAGING

GENERAL

The packaging, packing quantities and delivery lot sizes are to be planned and agreed in good time before the start of series deliveries on a part-specific basis according to the aspects of logistics, quality assurance, environmental compatibility and economic efficiency.

In order to minimize the risk of injury to IDEAL Automotive employees and the supplier, it must be ensured that the maximum permissible weight (gross) of a package does not exceed 12 kg.

Exceeding the maximum permissible weight of packages and load carriers is only permitted if it is not possible to comply with the maximum permissible weight due to technical circumstances. This must be coordinated with IDEAL Automotive in advance.

For this purpose, the supplier shall submit a packaging proposal with preferential consideration of the usability of IDEAL Automotive standard containers in due time before SOP that the containers are available for SOP taking into account procurement deadlines.

The filling level of a container should not exceed an average daily amount and the smallest possible container should be projected.

During planning, the necessary procurement time must be taken into account and the development, release and procurement process must be initiated accordingly at an early stage. An alternative packaging is defined for each packaging in the event of a container bottleneck.

Regardless of the choice of packaging type, the following requirements must be met:

- Damage-free parts delivery (no quality degradation)
- Formation of rational loading units
- Optimal utilization of the containers
- Filling material is to be reduced to a minimum
- Transport safety
- Protection against dust and moisture
- Low flammability
- easy unloading of the transport vehicles by industrial trucks
- Stackability (at least twofold)
- handling-friendly structure
- maximum permissible weight of a package: 12 kg
- ergonomic and easy parts removal
- Recyclable materials
- Preference for reusable packaging
- Labeling of the packaging materials used
- Containers and packaging are to be used only in clean condition



The supplier shall deliver the parts in accordance with the packing instructions determined within the scope of the packaging definition and the guidelines of the Logistics Guide. Deviations from the agreed packaging concept shall be notified by the supplier to IDEAL Automotive prior to shipment and a deviation permit shall be obtained.

The supplier shall be liable for quality reductions due to defective, wet or soiled packaging. In principle, the shipper is liable for the condition of the delivered goods.

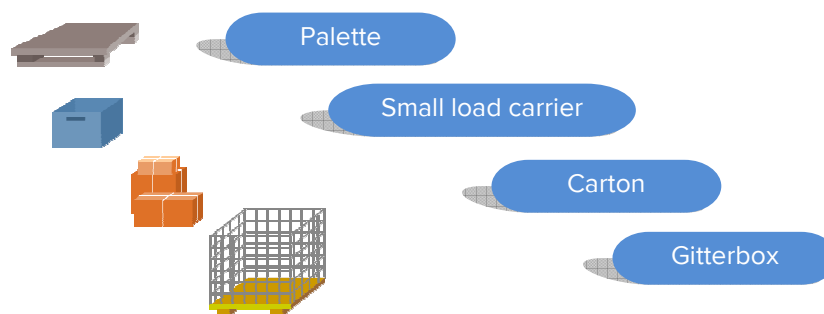
In case of late deliveries, IDEAL Automotive reserves the right to charge the supplier for additional expenses.

REUSABLE AND DISPOSABLE PACKAGING

IDEAL Automotive strives for the extensive use of reusable packaging for environmental and cost reasons.

IDEAL Automotive Standard returnable packaging is divided into general MW load carriers (Euro grid box, Euro pallet) and IDEAL Standard KLT.

The usability of these standard reusable options must first be checked with the supplier during packaging planning.

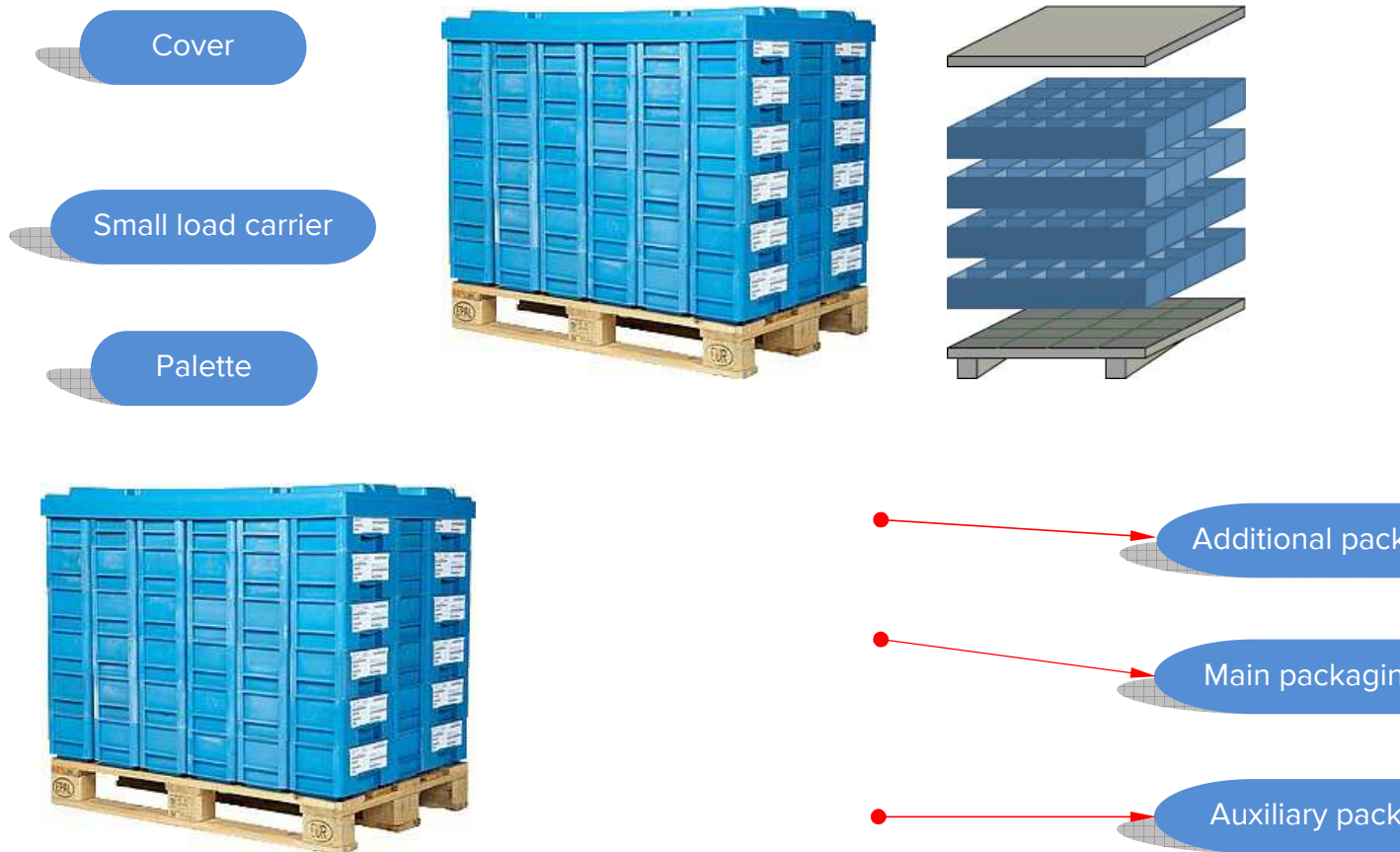


IDEAL standard KLTs according to VDA standard 4500 in color RAL 5005 (blue)

These KLT exist in the following dimensions (L x W x H):

	<p>RL-KLT 6280</p> <p>External dimensions: 600 x 400 x 280 mm</p> <p>Internal dimensions: 532 x 346 x 231 mm</p> <p>Tare: 4.4 kg</p> <p>Weight: 15 kg</p> <p>Max. static load: 600 kg</p> <p>Material: PP</p> <p>IDEAL-parts no.: KLT.6280.5005</p> <p>IDEAL-parts no.: SAP plants: KLT6280</p>
	<p>RL-KLT 4280</p> <p>External dimensions: 400 x 300 x 280 mm</p> <p>Internal dimensions: 334 x 247 x 236 mm</p> <p>Tare: 2.83 kg</p> <p>Weight: 10 kg</p> <p>Max. static load: 600 kg</p> <p>Material: PP</p> <p>IDEAL-parts no.: KLT.4280.5005</p> <p>IDEAL-parts no.: SAP plants: KLT4280</p>
	<p>RL-KLT 4147</p> <p>External dimensions: 400 x 300 x 147 mm</p> <p>Internal dimensions: 346 x 265 x 109.5 mm</p> <p>Tare: 1.3 kg</p> <p>Weight: 10 kg</p> <p>Max. static load: 600 kg</p> <p>Material: PP</p> <p>IDEAL-parts no.: KLT.4147.5005</p> <p>IDEAL-parts no.: SAP plants: KLT4147</p>
	<p>RL-KLT 3147</p> <p>External dimensions: 300 x 200 x 147 mm</p> <p>Internal dimensions: 243 x 162 x 129.5 mm</p> <p>Tare: 0.6 kg</p> <p>Weight: 10 kg</p> <p>Max. static load: 600 kg</p> <p>Material: PP</p> <p>IDEAL-parts no.: KLT.3147.5005</p> <p>IDEAL-parts no.: SAP plants: KLT3147</p>

In case of a shortage of the above mentioned KLT's, disposable cardboard boxes with identical dimensions are to be used.



Special Load carrier (SLT)

If the usability of the standard load carriers is not given due to the nature of the parts, dimensioning or similar, the use of specially developed special load carriers (SLT) should be aimed for.

Special load carriers can be steel pallets and containers, as well as special pallet dimensions, types of pallets, folding designs, etc..

The development and approval process described in the section "Packaging development for special load carriers" must be followed - the use of an SLT without approval from IDEAL Automotive is not permitted.

Disposable packaging

Disposable packaging is to be avoided as a matter of principle. If avoidance is not possible, disposable cardboard boxes with identical dimensions to the above-mentioned IDEAL-KLT must be used, coordinated with IDEAL Automotive and, according to the Packaging Ordinance (VerpackV § 4), disposable packaging must be taken back by the supplier at his own expense. After consultation, the supplier can be released from this take-back obligation.

All disposable packaging must be clearly and visibly marked with standardized pictorial and abbreviated symbols in accordance with DIN 6120 ff or symbols recognized by the waste disposal industry.

Special requirements for use of wood materials

For international trade in solid wood packaging material, the phytohygienic regulations of the IPPC (International Plant Protection Convention) must be complied with and the relevant documentation must be provided.

Bales

Bales should be delivered lying on cardboard tubes. If standing storage & transport is necessary for quality reasons, this must be agreed separately with IDEAL.

Overseas packing and overseas transportation

If packaging suitable for overseas is necessary due to the location, you will find more detailed information in the official document "Packaging Instructions Overseas Material" and "Packaging Instructions Overseas Equipment and Tools" in the IDEAL Automotive Supplier Portal (<http://www.ideal-automotive.com> under Supplier Portal, Download Center).

PACKAGING DEVELOPMENT SPECIAL LOAD CARRIER

For special packaging, more intensive coordination between IDEAL Automotive and the supplier is necessary.

As a rule, the task of developing the special load carriers is the responsibility of the supplier. For this purpose, the supplier presents a basic concept - after agreeing on the concept and the container marking to be used, the supplier organizes the construction of a prototype. After mutual acceptance of the prototype, the supplier provides a specification of the load carrier and goes into container procurement.

Packaging development and implementation is the responsibility of the supplier.

The cost allocation of the container procurement and future ownership of the containers will be anchored in the purchasing contracts.

The owner of the container must be marked on the container.

PACKING SURPLUS

If projects or delivery scopes are over, the supplier is obliged to notify the responsible empties disposition and packaging planning in writing of surpluses of packaging which are the property of IDEAL Automotive.

EMPTIES PROCESS

INVENTORY

For all suppliers who deliver to IDEAL Automotive in reusable packaging, a corresponding empties account is set up for each type of container used. All reusable loading equipment receives an IDEAL loading equipment number.

Empties are supplied to suppliers on the basis of loading equipment inventory management. Here, booking quality directly influences the supply of loading equipment in line with demand and is determined to a large extent by the suppliers themselves. This includes, among other things, the correct issuance of delivery note data and the verification of the empty goods shipment according to quantity and load carrier type.

The delivery bill or consignment bill serves as an accounting document for the correct monitoring, control and processing of all loading equipment movements.

To ensure the consistency of the loading equipment accounts, the accounting balances are reconciled on a regular basis. For this purpose, suppliers receive an account statement once a month for the respective load carriers in stock (see illustration). The inventories are shown taking into account the inflow and outflow postings.

2 IAOW Werk Oelsnitz		Lademittelkonten sortiert nach Lademittel				GLABSCRI R4LM90P1	Seite...: 1			
Zeitraum.....: 1.07.13 - 31.07.13							Datum...: 31.07.13			
Kunde/Lieferant		AS	BS	LS.Datum	LS-Nr.	SA Sendung Auftrag	Zugang	Abgang	Bestand	Bemerkung
Lademittel.....: 003 Eurogitterbox										
1	6120084	IABO 00001	31	5.07.13	*2185688	ZL 5308427		-1	-69	Anfangsbestand
1	6120084		31	8.07.13	*2185758	ZL 5308492		-2	-70	
1	6120084		31	8.07.13	*2185759	ZL 5308492		-1	-72	
1	6120084		31	8.07.13	*2185859	ZL 5308492		-2	-73	
1	6120084		12	8.07.13	404323		4		-75	
1	6120084		31	12.07.13	*2186235	ZL 5308620		-1	-71	
1	6120084		12	12.07.13	404328		2		-72	
1	6120084		31	15.07.13	*2186405	ZL 5308649		-2	-70	
1	6120084		31	15.07.13	*2186406	ZL 5308649		-3	-72	
1	6120084		31	15.07.13	*2186409	ZL 5308649		-1	-75	
1	6120084		31	15.07.13	*2186410	ZL 5308649		-1	-76	
1	6120084		31	15.07.13	*2186412	ZL 5308649		-1	-77	
1	6120084		31	17.07.13	*2186560	ZL 5308708		-1	-78	
1	6120084		31	17.07.13	*2186561	ZL 5308708		-1	-79	
1	6120084		31	19.07.13	*2186784	ZL 5308741		-1	-80	
1	6120084		31	23.07.13	*2186948	ZL 5308804		-1	-81	
1	6120084		31	24.07.13	*2187023	ZL 5308832		-1	-82	
1	6120084		31	24.07.13	*2187024	ZL 5308832		-1	-83	
1	6120084		31	24.07.13	*2187077	ZL 5308832		-1	-84	
1	6120084		31	26.07.13	*2187078	ZL 5308885		-1	-85	
1	6120084		31	30.07.13	*2187302	ZL 5308913		-1	-86	
1	6120084		31	30.07.13	*2187303	ZL 5308913		-1	-87	
1	6120084	IABO 00001							-88	Endbestand

Ende der Liste

Illustration: Container account statement IDEAL

In addition to the monthly reconciliation, a physical inventory is usually performed once a year. The date for the inventory is set by IDEAL Automotive. On the inventory date, IDEAL Automotive sends an inventory list (count list) to the supplier. The supplier is obliged to take inventory on the due date and to submit the completed count list to the person responsible for empties, IDEAL Automotive, within 10 working days.

In addition, IDEAL Automotive reserves the right to schedule an extraordinary inventory once a year if necessary.

Zählliste Leergut-Inventur IDEAL Automotive



Lieferant:
 Stichtag:
 Durchgeführt: (Name, Position)
 Geprüft IDEAL: (Name, Position, Datum)

BehälterNr. Ideal	Beschreibung	Behälternr. Lieferant	gezählt Lieferant	Differenz
003	Euro-Gitterbox			
125	R-KLT 4315			
		vom Lieferant auszufüllen		

Hiermit bestätigen wir Ihnen die ordnungsgemäße Durchführung der Inventur und die Richtigkeit der genannten Aufnahmezahlen.

.....
Datum, Unterschrift, Firmenstempel Lieferant

Illustration: Count list empties inventory

IDEAL Automotive reserves the right to make a replacement purchase in the event of minus differences. The differential quantities are invoiced at the replacement price in accordance with the polluter-pays principle.

If the inventory is not carried out on time and correctly, supplies will initially continue to be provided on the basis of the unadjusted accounting balances. However, there is a risk here that bottlenecks may occur in the supplier's supply of empties as a result of undetected shortages. Any expenses resulting from this (e.g. special shipments, alternative packaging, repackaging costs, etc.) shall be borne by the supplier.

Users of this container system must determine damage and shrinkage on their own responsibility and report it to the logistics contact at IDEAL Automotive.

The contact person for all questions regarding transportation processing/management is the representative identified on the account statement.

EMPTYES RETURN COSTS

If not contractually regulated, the return of empties is carried out as follows:

In case of delivery condition "ex works supplier" IDEAL organizes the transport of empties to the supplier.

In case of delivery condition "free home", the supplier shall be responsible for the collection of empties within the scope of the delivery of full containers (direct exchange) or is otherwise responsible for the

collection.

SCOPE WITH EMPTIES

Procedure Container cleaning

In principle, parts are to be delivered by the supplier only in clean and functional load carriers. IDEAL Automotive ships the reusable packaging in usable condition.

If the cleanliness of the load carriers does not meet the quality requirements for the material to be transported in them, the supplier shall carry out cleaning measures.

Clean means "broom clean", without old labels and residual parts, and free of dust, grease and oil.

The condition of the containers, in terms of cleanliness and functionality, is monitored by IDEAL Automotive upon receipt of goods. Should the supplier deliver in heavily soiled load carriers contrary to his obligation, IDEAL Automotive reserves the right to charge the supplier for the costs incurred thereby.

Handling of defective empties / repair

Each time goods are received, IDEAL Automotive checks the loading equipment for damage. Again, load carriers that show damage or defects must not be used to ship the parts. The sorting of damaged IDEAL Automotive own containers must not be carried out by the supplier independently. Affected loading equipment must be clearly marked by the supplier and returned after consultation with IDEAL Automotive. Costs will be borne by the supplier / forwarder / IDEAL Automotive according to the polluter pays principle.

Scrapping of IDEAL containers may only take place after consultation. Otherwise, the supplier will be charged to the amount of the replacement cost.

Misuse of load carriers

The misuse of load carriers owned by IDEAL Automotive or its customers is not permitted.

In case of knowledge of misappropriation, IDEAL Automotive reserves the right to invoice the supplier for the misappropriated load carriers and to charge the supplier for any additional expenses incurred due to container defects.

LIST OF ABBREVIATIONS LOGISTICS REQUIREMENT

EDI	Electronic Data Interchange
VDA	Automotive Industry Association
ERP	Enterprise Resource Planning
DFÜ	Remote data transmission
DIN	German Institute for Standardization
ISO	International Organisation for Standardization
TS	Technical specifications
VO	Regulations
EG	European Community
EU	European Union
MW	Reusable
KLT	Small load carrier
GLT	Large load carrier
PP	Polypropylene
LM	Loading equipment
SLT	Special loading equipment
IPPC	International Plant Protection Convention
SOP	Start of Production
EOP	End of Production
LAB	Delivery schedule
FAB	Daily call-off
ASN	Advanced Shipping Notice

OTHERS

CONTINUOUS IMPROVEMENTS

GENERAL

Continuous improvement is one of the basic principles of our quality systems. It is crucial that IDEAL-Automotive constantly improves its position in the market. The great impact that our suppliers have on IDEAL Automotive's performance in terms of products and services requires the implementation of the principle of continuous improvement throughout the supplier organization. Continuous improvement of suppliers must include: The quality of the parts, the service (i.e. time duration, delivery, technical skills and cooperation) and the price. This requirement does not replace the need for innovative improvements.

The supplier must develop specific action plans for continuous improvement of processes that are critical to the customer. Once process stability and appropriate process capabilities have been demonstrated, processes can be selected and monitored.

Extending the company's principle of continuous improvement to all business processes means finding metrics for those processes. This includes characteristics that can only be assessed using qualitative property data. In this context, continuous improvement means perfecting the methodology and comparing it with measurable goals.

In order to effectively use the continuous improvement process, the supplier must continually expand its knowledge of the known measures and methodologies for process analysis, monitoring and evaluation.

CONTINUOUS IMPROVEMENTS OF PROCESSES

Regardless of the capability requirements for process capability, continuous improvement is placed with the highest priority on the significant and critical characteristics. The supplier must identify opportunities to improve quality and productivity and implement appropriate improvement projects.

Examples include the following:

- Machine downtime, machine setup time, tool change time, overtime for changes and machine tuning.
- Reduction of cycle times
- Scrap metal, rework and repairs

- Use of land area without added value
- Too many parts
- Waiting and idle times
- Waste of manpower and material
- Too high costs due to insufficient quality
- Difficult assembly or installation of the product
- Optimization of handling in the flow of goods
- Insufficient capabilities of the measurement systems
- Lack of customer satisfaction

SERVICE

IDEAL Automotive expects punctuality in the delivery of goods as well as cooperative and flexible reactions to short-term requirements.

WARRANTY, PRODUCT LIABILITY, INSURANCE

Unless a longer warranty period has been agreed in individual cases or is prescribed by law, the warranty period for all products delivered to IDEAL Automotive shall be 24 months from delivery of the parts/materials.

The supplier is aware that he and IDEAL Automotive are suppliers in the supply chain of consumer goods. The rights of §§ 478, 479 BGB are available to IDEAL Automotive as well as to the supplier.

The ancillary warranty costs incurred by IDEAL Automotive shall be borne by the supplier.

IDEAL Automotive expects the supplier to familiarize himself with the Product Liability Act and thus also with the obligations arising for him.

IDEAL Automotive recommends that suppliers take out insurance with regard to product liability against claims for damages.

IMDS AND REACH

IMDS

IMDS (International Material Data System) refers to national and international norms, standards, laws, regulations, as well as the specific requirements anchored at the OEM, and serves, among other things, environmental protection. Each vehicle manufacturer and supplier is required to provide data on material or product composition.

The supplier must provide IMDS data for all parts including catalog and standard parts for IDEAL Automotive, unless otherwise agreed.

The supplier must enter the IMDS data into the system as part of the sampling process. In case of changes that cause a change of the index, an update of the IMDS with retention of the data for "conflict minerals" is required.

REACH

The EU chemicals regulation REACH (Registration, Evaluation, Authorization and restriction of Chemicals), which came into force on June 1, 2007, aims to protect human health and the environment from potential risks when handling chemicals. All products manufactured in or imported into the European Union fall within the scope of REACH. A one-time sampling is not exempted from constant monitoring. Furthermore, the supplier shall monitor the candidate list (particularly hazardous substances) and inform IDEAL Automotive in due time in case of changes.

The supplier is aware that a violation of REACH regulations or lack of warning systems may result in a recall or penalties. In this case, the supplier is 100% responsible for all related costs. With the introduction of the "Dodd - Frank Act", the requested information regarding "conflict minerals" must be provided by the supplier.

For projects (outside OEM business) where IMDS data is not required, a declaration of conformity must be submitted within the PPAP package.

SUPPLIED DOCUMENTS:

IDEAL- Automotive Description:

- Annex 1 Execution of self-audit
- Annex 2 Execution of product audit
- Annex 3 Potential analysis
- Annex 4 Process audit VDA6.3
- Annex 5 D/TLD Audit Proof of concept
- Annex 6 Task description PSCR
- other IDEAL Automotive documents for successful cooperation are on the supplier portal:

<https://www.ideal-automotive.com/lieferantenportal/>

ANNEX 1 FOR MANAGEMENT GUIDELINES FOR SUPPLIERS- SELF AUDIT

GENERAL:

The self-audit based on VDA 6.3 including the supplementary requirements of VW AG (if VW AG components have been ordered) serves as evidence for the supplier with respect to the fulfillment of all requirements (legal, official, customer and product-specific, own requirements and specifications of the certification standards ISO 9001, ISO/TS 16949, IATF 16949 (in the respective valid edition) at the respective production site for the respective product group).

For this purpose, the rules for the overall assessment process audit must be taken into account. Self-audit assessment forms can be requested from IA Q-Management and are available for download on the homepage www.ideal-automotive.com.

The evaluation is done by fully considering the questionnaire. The supplier's self-qualification is part of the continuous improvement process and aims at the classification "A". Following a self-assessment with an "A" rating, IDEAL Automotive reserves the right to conduct a process and product audit at the supplier's premises to verify this rating. The current IA supplier rating is decisive for the supplier's rating.

If an A rating is not achieved by the self-audit within a reasonable time, IDEAL Automotive reserves the right to conduct an audit at the supplier's premises. In case of non-fulfillment of the requirement "A-rating" by self-qualification of the supplier for reasons for which the supplier is demonstrably responsible, the costs for the IA-audit will be charged to the supplier.

The execution and dispatch of a self-audit including an improvement program may be demanded by IA at any time for due cause.

EXECUTION

The self-audit must be performed by certified VDA6.3 auditors. This requirement is met with a qualification "Certified Process Auditor

VDA 6.3". Alternatively, as a basis, training as a quality auditor, for example according to EOQ guidelines with examination and personnel certificate by

Appropriately accredited certification bodies, is accepted. These certificates are valid for a limited time and are only renewed with proven audit experience.

These basic qualifications are only recognized with additional proof of VDA 6.3 training.

The supplier is required to internally review the effectiveness of the improvement program as part of the self-audit. IA expects from its suppliers that the performed self-audit goes beyond the agreed scope of requirements of the improvement programs in order to meet the claim of self-qualification. The self-audit is to be performed like a process audit with a parallel product audit. Outsourced processes must be taken into account. For the overall assessment of the quality capability, the rules according to the process audit are to be applied.

IA requires its suppliers to perform the self-audit at least 1x per year (validity period maximum 12 months) for all process steps of the product groups ordered by the customer.

The self-audit shall be sent to the customer upon request.

ANNEX 2 ANNEX 2 FOR MANAGEMENT GUIDELINES FOR SUPPLIERS- PRODUCT AUDIT

GENERAL:

Process variability and lack of process capability often impact product quality and therefore customer requirements. A product audit can identify deviations from customer requirements and draw conclusions about the influencing processes. Taking into account identified deviations, the affected processes can be analyzed in a targeted manner and corrective measures can be implemented.

EXECUTION AND MEASURES

The supplier is obliged to perform the product audit according to VDA 6.5. These audits must be performed by trained personnel (VDA6.5 auditor training).

A product audit must be performed at least once every 12 months for every product produced in series. From the simplification perspective, product groups/product families can be formed from the overall portfolio of manufactured products (analogous to VDA 6.5).

The product audit must be regulated in the production control plan. IDEAL Automotive also carries out product audits in parallel to the process audits at the supplier's premises in order to evaluate important product features from the customer's point of view and to identify critical processes.

In case of self-audits and process audits by IDEAL Automotive, a product audit is carried out in parallel with series production. The results of the product audit shall be taken into account in the assessment of quality capability.

ERROR CLASSIFICATION, DECISIONS, MEASURES

In the event of deviations identified in the product audit, the supplier is obliged to immediately introduce suitable measures and to check their sustainability and effectiveness within a reasonable period of time, e.g. by means of a post-audit (see Table 1).

Error class	Error description Effect	Immediate measures	Subsequent measures
A	Error will certainly lead to customer complaint.	Blocking/Sorting Available parts	Analyze process / testing activities further
	Security risks, Violation of Law,	Information to customer plants and risk assessment	Corrective measures Review and implement
	Unsalable product	Corrective measures in Production / test process	Demonstrate process capability and zero defects
	Function not fulfilled	eventual full inspection	Effectiveness test
B	Extreme surface complaints	intensified testing measures on the process and on the finished product, if necessary, full inspection before delivery	Initiated measures
	Severe impairment, Disability	Request for deviation permission	Eventual Specification changes
	significantly outside prescribed standards	Required from the project manager IA	Initiation
	Uncomfortable, disturbing Customer complaints Are expected	Other measures in Coordination with IA Customer plants	
C	Specification deviations	Information to IA customer plant for coordination of measures	
	Disruption in the operational sequence at IA are possible		
C	Conspicuous complaint, is criticized by IA.		
	IA Complaints and disruptions in the operating process are to be expected in event of error accumulation.		

REPORTING OBLIGATIONS, VOLUNTARY DISCLOSURE

In case of A and B defects, as well as systematic C defects, the supplier must immediately inform the responsible IA Quality Assurance in the form of a self-report. The initiation of further necessary measures is to be coordinated.

ANNEX 3 TO THE MANAGEMENT GUIDELINE FOR SUPPLIER POTENTIAL ANALYSIS

AIM AND PURPOSE OF THE POTENTIAL ANALYSIS

The potential analysis is carried out by IA auditors in accordance with the described procedure of VDA 6.3.

It is used to evaluate new, unknown suppliers, unknown locations. It is used to prepare the award decision on the basis of comparable manufacturing processes and products.

The potential analysis refers to the parts or product groups specifically named by procurement, as well as their corresponding processes.

An award decision is not necessarily linked to a positively evaluated potential analysis. A negatively evaluated potential analysis precludes an award.

PREPARATION OF POTENTIAL ANALYSIS

In order to obtain information, a supplier self-disclosure is requested from the potential supplier by the procurement department of IA. The supplier self-disclosure becomes part of the potential analysis. The applicant

ensures that all relevant processes and documents are accessible to the audit team at the time of the potential analysis.

PROCESS OF A POTENTIAL ANALYSIS

For systematic and reproducible analysis, the requirement catalog of the potential analysis is used. The list of requirements consists primarily of selected questions from process elements P2 - P7 of VDA 6.3. Process-related further requirements can also be requested specifically from OEMs on the basis of IA's inquiry documents.

The assessment is carried out according to the traffic light system described in VDA 6.3. A potential analysis with a Green or Yellow rating corresponds to a "B" rating in quality capability.

REPORT AND IMPROVEMENT PROGRAM

The supplier is obliged to present a binding program with implementation dates and follow-up activities to the responsible IA Quality Assurance by the planned award date.

In the event of an award, the improvement program must be implemented by the nominated supplier by the specified deadlines. The effectiveness of the measures is to be proven by the supplier with a self-audit at the agreed time before SOP, which the supplier must make available to the responsible IA Q management without being asked.

ANNEX 1 TO THE MANAGEMENT GUIDELINE FOR SUPPLIER PROCESS AUDIT

GENERAL:

The process audit is used to assess the quality capability of suppliers.

It is based on IA requirements and those of the end customer for products or product groups and the associated manufacturing processes. This also applies to purchased parts from the supplier and outsourced processes.

Insufficient compliance may lead to the requirement of an existing certification of the QM system and lead to a "new business on hold" classification by IA

PROCESS AUDIT IN SERIES PRODUCTION

The process audit in series production assumes a completed product development process (product/process development) and takes into account customer satisfaction and the supporting processes.

The processing/realization of defined measures after completion of the product development process is assumed and checked in the audit.

Auditing in series production, without process development, can take place at the start of series production (SOP) or during the entire manufacturing period.

The process audit is carried out according to VDA 6.3 and uses the

Questions of process elements:

- P5: Supplier management
- P6: Process analysis / production
- P7: Customer care, customer satisfaction, service.

OEM-specific requirements must be taken into account for the individual questions.

EVALUATE PROCESS AUDIT RESULTS

The evaluation procedure is described in VDA Volume 6.3.

Results from product audits conducted in parallel are taken into account. The grading rules listed in VDA Volume 6.3 apply to the determination of the overall quality capability result.

UPGRADING CRITERION

Upgrading can only be achieved through a customer audit at the supplier's manufacturing site after successful, sustainable implementation of the improvement measures

. An upgrade from "C" to "B" only takes place with an IA audit result with a classification result "stable B" (i.e. degree of fulfillment greater than or equal to 85%, see VDA 6.3).

ANNEX 5 TO THE MANAGEMENT GUIDELINE FOR SUPPLIERS - D/TLD AUDIT

GENERAL:

Laws impose requirements on automobile manufacturers that must be met as minimum requirements for all series-produced vehicles. This also results in a verification requirement for suppliers, which is intended to protect the supplier and the automobile manufacturer from consequential damages such as sales bans and contractual penalties despite strict liability (product liability) (liability in tort, see laws of the countries in which the customer's vehicles are sold).

In order to be able to sufficiently satisfy the producer's liability, the customer's obligation to provide evidence has been extended beyond the legal framework to include the so-called "functionally important parts".

In addition to the general requirements for the QM system, part-specific quality certificates for D/TLD parts must be kept by the supplier and archived for at least 15 years after the last production (see VDA Volume 1). This includes technical documents marked "D" or "A1" such as drawings, tables, manufacturing releases, technical delivery conditions, test specifications, sample reports and other quality records which are required in the case of proof and can be exculpatory.

Quality evidence also includes evidence of planning activities, selection and qualification of personnel, suitability of test equipment, and process capability studies and correspondence. In the event of damage or at IA's request, the Supplier must be able to prove that it has fulfilled its corporate duty of care to exclude defects in the Product. Suppliers are obliged to apply the systematics to each D/TLD part (A1 part) to be delivered.

In order to check the implementation of the corresponding requirements, the supplier must carry out and document a site-specific D/TLD self-audit on his own responsibility every 12 months with a maximum validity period of 12 months in accordance with the current D/TLD questionnaire (see applicable documents on www.ideal-automotive.com).

The supplier is obliged to apply this procedure analogously for its supply chain, purchased parts and relocated process steps. The date of the last passed D/TLD self-audit shall be sent to IA Q Officer at the time of sampling.

If deficiency points are identified during the inspection, the supplier is expected to implement the necessary improvement measures on its own without delay.

The supplier verifies the implementation of the improvement measures and their effectiveness by means of a renewed, independently conducted D/TLD audit. Appropriate documentation of this must be retained.

Results of D/TLD self-audits shall be archived for at least 15 years and kept available for verification by IA or its client at any time. Evidence of the supplier's activities to ensure and maintain the quality requirement must be guaranteed at all times. All specifications according to VDA Volume 1 or ISO/TS 16949, IATF 16949 as well as the OEM customer-specific requirements must be taken into account in the verification process.

IA reserves the right to verify supplier compliance with requirements through a process audit, D/TLD audit, or other supplier visit.

Upon request, the results of the D/TLD self-audits shall be made available to IA .

PRODUCT GROUP DEFINITION / PART SELECTION

The supplier must ensure that all parts requiring verification (D/TLD), or all specified features requiring verification, are included as important parts/features. During the auditing, for each feature requiring documentation of all D/TLD scopes to be supplied, exemplary parts are to be selected for which compliance with specified requirements must be demonstrated by process and product audit. The selection of the reference parts is made from a delivery list "Parts to be verified to the customer" which is to be kept up to date by the supplier at all times. The sample size in the product audit shall be determined appropriately for the part and the characteristic to be inspected, i.e.

that a selection of parts is made from the delivery list by way of example, in which all characteristics requiring verification are taken into account.

In addition, the supplier, as a proven specialist for his product and the manufacturing process, is requested to name features which, beyond those already named by the customer, are classified by him as relevant to function and safety.

EVALUATION OF INDIVIDUAL QUESTIONS / AUDIT RESULTS

Each applicable question is evaluated for consistent fulfillment, including in process assurance as follows:

- Conditions
- Evaluation
 - Requirements fully met: yes
 - Requirements not or only insufficiently met: no

All applicable questions must be met, deviations are to be corrected with an improvement program by the supplier.

If deviations are detected by the supplier that can directly influence the product quality (e.g. missing test equipment), immediate measures must be defined by the supplier (e.g. external testing) to ensure immediate safeguarding of the product.

If the supplier is still unable to meet the requirements, he must immediately contact and inform the accepting IA customer plants and his contact person

in IA's Q management.

AUDIT REPORT / IMPROVEMENT PROGRAM

The report includes the following documents and evidence:

Cover sheet "Quality Audit Verification of D/TLD Parts" with information on the selection of parts, the D/TLD characteristics, the results of the product audit (within a validity period of a maximum of 12 months) and the fulfillment of characteristics for which verification is required; specifications of

Immediate measures that become necessary if customer requirements are not met; date definition of any improvement program that may be required (final date of all measures to be implemented).

Requirement catalog evidence D/TLD parts with evaluation

If deviations from the questions are identified in the list of requirements, an improvement program is to be defined (naming the weak points/measures, the deadline for remediation and the responsibility).

For components in the pre-series phase, the supplier must ensure that all questions are answered with "Yes" by the 0 series (deadline grade 1 sampling).

For components in series production, the supplier must immediately define immediate measures in case of detected deviations and inform the quality assurance of the accepting IA plant.

In the event of non-compliance with the above points, the grading of quality capability takes place.

The identified weaknesses are to be remedied by the stated deadline.

Result overview(s) Product audit with the test results for the part selection made, including all D/TLD features that must be specifically marked.

The systematic and consistent approach to verification is checked and evaluated by the supplier during D/TLD self-audits and by IA during process audits on a random basis.

IDENTIFICATION OF TECHNICAL DOCUMENTS

IA has customer-specific marking variants, as well as IA's own marking "A1" .

If the supplier uses a marking other than the above-mentioned markings for his documents and records, he must maintain a correlation representation for the above-mentioned marking obligation (e.g. overview matrix with the markings for all customers and the internal marking) as guided default documentation.

ANNEX 6 TO THE MANAGEMENT GUIDELINE FOR SUPPLIERS - TASKS OF PSCR

TASKS OF THE PRODUCT SAFETY & CONFORMITY REPRESENTATIVE (PSCR) AT THE SUPPLIER'S SITE

As an applicable document to the management guideline for suppliers, the supplier management of IDEAL Automotive GmbH describes here the position of the PSCR and his deputy at the supplier.

KNOWLEDGE

- 1.1 about manufactured product:
 Functionality, production in detail at own site and intended use by the customer
- 1.2 on the Product Safety Act and the Product Liability Act
- 1.3 Methodological knowledge of risk assessments

TASKS

- 2.1 Participation, development and setting of priorities for the elimination or avoidance of product safety-relevant defects in the product development phase (defect prevention)
- 2.2 Collaboration or initiation and verification of design/process FMEAs on safety-relevant scopes
- 2.3 Collaboration in the context of "lessons learned" during product ramp-ups to avoid product safety-relevant errors in the area of manufacturing, assembly and testing processes
- 2.4 Creation of "lessons learned" checklists for the qualified review of designs and processes under product safety-relevant aspects
- 2.5 Independently perform or arrange for periodic manufacturing and product checks of current series to confirm product safety for use (including foreseeable misuse) and initiate and

 Follow-up of (immediate) measures in case of relevant deviations

- 2.6 Evaluation of failure probability and frequency of the affected product in case of failure
- 2.7 In event of a complaint, the planned remedial measures, their rapid implementation and sustained effectiveness must be verified. The effectiveness of the measures must be confirmed in writing by the supplier PSCR
- 2.8 The communication (incl. self-disclosure) is done via the IA Plant-Q responsible at the customer (IA Plant-Q) incl. transmission of all details. The PSCR ensures the quality of the information (clear information about the error pattern. Limitation, selection probability, etc.) as well as the confidentiality of the communication.

COMPETENCIES

- 3.1 The PSCR reports directly to the management, the plant manager or the head of quality assurance
- 3.2 Initiation of component blocking of the current series, e.g. in case of safety and image-relevant complaints (also if these jeopardize the use of the series for safety reasons) incl. sovereignty of resources with regard to test bench tests, validation, etc. ...
- 3.3 For each stage in the supply chain, one PSCR shall be designated for each manufacturing facility. The following information is required for the **Product Safety Representative** and **proxies**:

Name, first name, telephone, postal/email address, function

Please send the information by e-mail to the IA Group purchasing manager and also notify him in case of any changes