QUALITY MANUAL

Instructions for suppliers of Plastcom spol. s r.o.

Quality Assurance of Purchased Materials

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Name: Supplier quality manual

1. **Purpose:** The purpose of the regulation is to establish quality requirements for Plastcom suppliers.

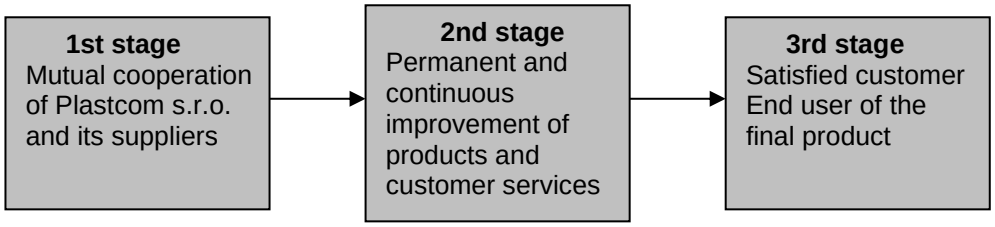
2. **Scope:** PP-11-02 is binding for all Plastcom suppliers.

3. **Description of activities and method of documenting them:**

3.1. Description

This supplier quality assurance manual describes and defines the requirements for suppliers and serves as the "Quality Agreement" between Plastcom s.r.o. and its suppliers, which is an integral part of the purchase contract.

The common goal of Plastcom s.r.o. and its suppliers is the constant improvement of product quality and reliability. This can only be achieved through intensive mutual cooperation between the individual stages of the processes.



An increasingly close cooperation between the supplier and the customer is a necessary prerequisite for competitiveness on the market.

Plastcom s.r.o. expects from its suppliers intensive cooperation focused on prevention and quality assurance in all phases of the process, especially in the phase of planning the implementation of product and process development.

3.2. Quality objectives

Plastcom s.r.o. it needs suppliers whose technological processes are a guarantee of permanent quality without the occurrence of non-conforming products.

* The required quality status of serial production must be guaranteed before production starts. This is ensured through the analysis of potential risks and timely implementation of corrective measures in quality planning.

* Serial production must show stable parameters and meet the requirements of zero defects.

* The suppliers of Plastcom s.r.o. are obliged to accept the requirement of unlimited liability for quality. We have to make sure of the stability of high quality, based on which we can omit the costly initial inspection (suppliers supported by certificates).

* Part deliveries must be monitored as part of the manufacturing process.

The method of packaging and labelling affects both the quality of the part, as well as further handling at the reception of Plastcom s.r.o. Flawless packaging and identification of each individual package in the delivery with exact marking ensures our material flow.

Plastcom s.r.o. wishes to offer only high-quality products on the market in the future.
This strategy is only achievable with suppliers who contribute to this with flawless deliveries.

3.3. Quality planning at suppliers

The supplier undertakes at its own responsibility to plan, organize and implement the production process and quality assurance in such a way that all quality assurance requirements imposed on the material are ensured.

This section contains an overview of the requirements that Plastcom s.r.o. imposes on its suppliers and their fulfilment must be planned, documented and evaluated.

CONTACT PERSONS

A prerequisite for successful cooperation based on trust between the customer and the supplier is the mutual appointment of contact persons in the following areas:

- QUALITY – addressing the issues of quality assurance
- LOGISTICS – addressing the issues related to the relevant project

"ZERO DEFECT STRATEGY"

The "Zero defect" strategy is a general strategy for achieving zero defects, which is required from the supplier.

"PPM" LEVEL

Unless agreed otherwise, Plastcom s.r.o. requires ppm level = max. 500.

PROCESS CAPABILITY

Unless specified otherwise, Plastcom s.r.o. requires the implementation of such technical solutions so that the process capability reaches the value of cp, cpk ≧ 1.33 (specified parameters), unless specified otherwise.

3.4. Quality assurance at the supplier

In order for the production processes to function properly, it is necessary that the responsibility for quality, including customer requirements, be transferred to the suppliers of purchased material.

1st STAGE – DEMAND AND SUPPLIER SELECTION

In this stage, potential suppliers are approached. The result of this stage is the selection of a supplier and its inclusion/non-inclusion/ in the list of approved suppliers. The evaluation of suppliers for the last evaluation period is also an integral part of the list of suppliers.

The supplier is selected according to the optimum compliance in the following areas:

Quality (QMS) – Price – Logistics - Complaints

SUPPLIER QUALITY SYSTEM REQUIREMENTS

Plastcom s.r.o. requires suppliers to implement a quality management system according to IATF 16949 or ISO 9001 standards.

The proof of compliance with this requirement is **at least an ISO 9001 certificate.**

In certain cases, the requirement for ISO 9001 certification can be replaced by a system audit by Plastcom s.r.o. for a limited time.

The certified quality system or an audit by Plastcom s.r.o. with at least a “B“ evaluation is a basic requirement for inclusion in the "List of approved Plastcom s.r.o. suppliers".

2nd STAGE – CONCLUDING AN AGREEMENT WITH A SUPPLIER

At this stage, the following agreements are concluded with the suppliers:

Quality agreement – specifies contact persons, describes contact features of products for which documentation /certificates, capability monitoring/ will be required and in connection with which Plastcom s.r.o. requires documentation of the monitoring results;

Sample approval – before starting serial deliveries to Plastcom s.r.o. first samples in terms of PPAP or VDA 2 must be approved;

Packaging agreement – the method of packaging, type of packaging and processing time are determined by the customer together with the supplier in the purchase contract or specified in individual orders;

The supplier is obliged to point out any unclear or incorrect points in the documents /drawings, standards, regulation.../.

3rd STAGE – FIRST SAMPLES

A. First samples in case of standard materials and parts, the specification of which is clearly stated in EN, STN, ČSN, DIN, ASTM standards, etc.

Release of the first samples takes place in accordance with the requirements of Plastcom s.r.o.

Unless stated otherwise, the approval of samples from the supplier is carried out according to PPAP or VDA 2 to the extent agreed with the supplier in the framework of the PPF procedure agreement, at least to the extent of the documents listed in the agreement according to VDA 2 edition 2020 or PPAP level 4.

Samples for approval must be submitted in the following cases:

a/ a new product
b/ a change of the supplier or a change of the place of production of this supplier
c/ a change of a parameter or a dimension specified in the documentation
d/ a change of the production that might affect the product parameters specified in the documentation
e/ a new instrument or an instrument after repair
f/ a long-term interruption of the production exceeding a period of 3 years
g/ a specific agreement with the supplier /*e.g. requalification.../*

For the purposes of this document, samples mean the first mass-produced products, i.e. made of material and by means of a technology, a tool and production equipment intended for serial production.

The samples labelling must include:

- name of the supplier
- designation stating “samples“
- material quality
- material dimensions if necessary

The documents for the approval of samples include the following:

Together with the samples, the supplier is obliged to send the completed PPF report covering form or PSW with data on attached samples. It is necessary to state the specific reason for submitting the samples in the protocol /e.g. correction after previous non-approval of samples - reason for original non-approval, correction of only some data - indicate which data is concerned, change of material, etc./.

The supplier is obliged to send the documentation, unless specified otherwise, according to PPAP or VDA 2 to the extent agreed with the supplier in the framework of the PPF procedure agreement, at least to the extent of the documents listed in the agreement according to VDA 2 or PPAP level 4.

In case of standard materials and parts according to the standards, the first sampling can be carried out following an agreement as part of the 1st delivery of the respective material or the part.

B. The first samples in case of materials and parts that are not defined by the standards.
In such cases:

1. The supplier is obliged to fulfil the requirements set out in the instructions and standards for the zero defect strategy.
2. The supplier is obliged to put together a project team with a designated leader and a person responsible for the project.
3. The supplier is obliged to prepare a project that contains at least:
    a.) list of team members with defined responsibilities for the project areas with the contact address, telephone, fax and e-mail address
    b.) Q – plan (APQP)
    c.) schedule
    d.) capacity study
    e.) qualification program
4. The supplier must have agreed critical signs and locations for SPC monitoring.
5. The supplier is obliged to consult the design of control and measuring devices.
6. The supplier is obliged to carry out sampling according to PPAP or VDA 2. The submitted first samples and related documentation must be evaluated by the customer as "suitable for customer and serial production".

7. Serial deliveries must be delivered under the following conditions:

Process consistency of Cp and Cpk
Short-term for critical points Ppk ≧1,67

Long-term for the whole product Cpk ≧1,33

Statement regarding the samples

After the completion of the approval management, a completed copy of the sample test report will be sent back to your company together with our statement on approval, approval with a note or non-approval of the samples.

The decision on the release can be supplemented with notes, e.g. time limit, conditional release, description of deviations detected during sampling, tasks the fulfilment of which is required for the release of samples, etc.

The release of sample management does not dismiss the supplier from the responsibility for the quality of delivered products.

Insufficient completion of the report and incompletely supplied documents will automatically result in the rejection of the sample management.

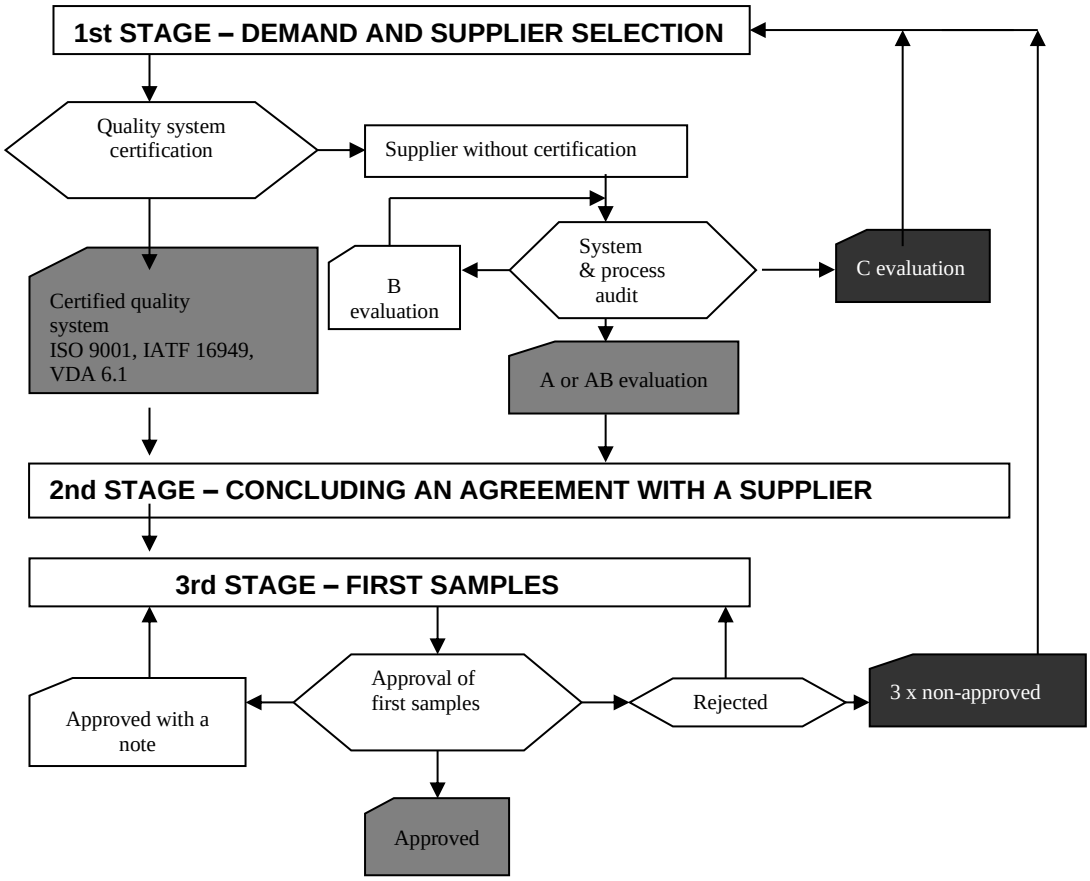
Entering data in IMDS

The supplier is obliged to provide information on access to enter data on materials in the IMDS or secure the data additionally at the request of Plastcom s.r.o. In case the supplier is unable to ensure the above, it is obliged to provide the necessary information to Plastcom s.r.o to enter data in the IMDS on its own.

4th STAGE - DELIVERIES

The supplier is required to declare the quality of the delivered material in certificates.

Supplier quality assurance diagram



3.5. Evaluation of suppliers

The evaluation of suppliers is processed on the basis of internal methodological instructions of Plastcom s.r.o. This evaluation is carried out twice a year and is stored in the internal database of Plastcom s.r.o. The evaluation also includes the assessment of delivery and payment conditions. We inform the supplier about the result of the evaluation.

Measures to be taken by the supplier in case of a complaint

In case a non-conformance is identified within the delivered products, Plastcom s.r.o. will immediately inform the supplier of this fact. The supplier is obliged to take such measures so that the flow of production or the shipment to the customer is not jeopardized.

The supplier is obliged to take corrective measures to prevent the repeated occurrence of an identical defect. These measures are processed by filling in an 8D REPORT form.

The following fields must be filled in:

"4. Cause of a non-conformance" – determine the cause of the defect in the claimed material.

"5. Immediate corrective measures" – determine the way in which the complaint is handled /e.g. 100% sorting of defective material, repair of defective material, replacement of defective material, etc./.

"6. Corrective measures to prevent the non-conformance" – determine permanent corrective measures /e.g. implementation of periodic inspections focused on the relevant defect, etc./.

"7. Preventive measures" – determine preventive measures to verify if the implemented permanent corrective measures are sufficient in practice.

Requirements of Plastcom s.r.o.

- fill in D3 within 24 hours /max. 72 hours/
- fill in D4, D5 and D7 within max. 8 working days
- fill in points D6 and D8, completion of a complaint and verification of the effectiveness of the measures taken within deadlines as defined in 8D reports, max. 72 working days

In case there are still problems in the area of quality or complaints in the serial production stage, they must be clearly identified and effectively resolved. The aim of the escalation method is for this process to be supported by the supplier and the organization through a structured and common procedure. The triggering elements for the start of a state of escalation (acute state) can be as follows:

- agreed deadlines have not been met
- effective measures have not been implemented
- no reaction to 8D reports
- quality assurance by the supplier is not sufficient and it is not possible to identify any tendencies towards improving this situation
- promised measures regarding improvement have not been implemented
- recurring complaints

In such cases, the following 3-level escalation procedure is applied:

- negotiations with the supplier regarding quality and agreement on relevant measures;
- negotiations with the supplier and the company management, blocking of the supplier or production changeover, termination of the relationship with the supplier;

Level 0 Daily business level without any problems.

- Inclusion of quality alerts and immediate claims resolution
- Expected level of cooperation (timely and proactive response, solutions for the customer)

Level 1 The supplier has a problem.

- There is a risk that the production line at Plastcom will have to be stopped for the period necessary to change the supplier´s batch.
- The supplier is in delay with handling the complaint.
- The supplier does not communicate with the Plastcom quality assurance representative.

In the interview, the supplier is confronted with the problem that has arisen. The supplier must develop an effective action plan and implement it to bring the project or product back into compliance with the relevant requirements.

Level 2 The measures from Level 1 did not lead to the desired outcome. There is a serious problem in the supplier's production process.

- The issue keeps occurring. The countermeasures implemented by the supplier are not effective.
- The countermeasures are not properly confirmed by the supplier.
- The supplier does not communicate with the Plastcom purchasing department representative.
- There is no feedback to ensure the production.
- The production line at Plastcom has been stopped for more than 1 hour. There is a risk of special costs for Plastcom from its customers.

An interview regarding quality with the company management. Possibly, the support of Plastcom or another external company - approved by Plastcom - in the analysis, implementation and control of measures.

Level 3 The measures from Level 2 did not lead to the desired outcome. The problem is very critical, the supplier is unable to protect Plastcom and its customers.

- The supplier fails at solving the problem.
- The problem keeps occurring.
- Good deliveries are not ensured in long term.
- The production at Plastcom is stopped.
- The production at the Plastcom customer is stopped immediately.

The supplier gradually drops from Level 0 to Level 3 if it is unable to meet the quality requirements of the delivered products. The supplier must be blocked. If need be, it is necessary to modify the production or terminate cooperation with the supplier.

Any support interventions necessary within the framework of the escalation situation are performed by Plastcom or its authorized employees and will be invoiced to the supplier.

De-escalation process

To reduce the level of escalation, the supplier is obliged to take the minimum necessary steps as stated in this point and must not supply any non-conforming products to Plastcom for a period of at least three months.

Minimum steps to be taken to start the de-escalation process

Actions at Escalation Level 1:

- 100% sorting of complete stocks at the supplier and at Plastcom
- 100% inspection of products supplied by the supplier to Plastcom until further notice
- inspection and labelling of defective parts until de-escalation and termination of 100% inspection
- any non-standard costs associated with solving the problem are borne by the supplier (administrative costs, repeated audits, supplier support, etc.)

Actions at Escalation Level 2:

- 100% inspection of deliveries by an external sorting company approved by the Plastcom representative
- in addition to regular inspection, labelling of defective parts until de-escalation and termination of daily business.
- Daily reports for the Plastcom purchasing department
- process audit - verification by the Plastcom representative
- Implementation of an improvement program defined by the Plastcom representative or an external company
- visits to the supplier in short time intervals to be carried out by the Plastcom purchasing department
- any non-standard costs associated with solving the problem are borne by the supplier (administrative costs, repeated audits, supplier support, etc.)

Actions at Escalation Level 3:

- the supplier is not temporarily considered for new projects
- implementation of two-level inspection at the supplier and Plastcom
- visits to the supplier in short time intervals
- intensive support for the supplier
- process audit – verification by the Plastcom representative
- notification to the IATF certification organization (if the supplier has the IATF 16949 certificate) that the supplier has been classified in Level 3 within 10 working days
- any non-standard costs associated with solving the problem are borne by the supplier (administrative costs, repeated audits, supplier support, etc.)

3.6. Supplier´s responsibility

Plastcom s.r.o. bears full responsibility for any defects arising on the final product during use. The supplier provides a warranty for the goods for a period of 24 months from the date of commissioning or 36 months from the date of delivery /unless otherwise agreed in the purchase contract/, which were caused by a defect in its supplied materials.

In case of hidden defects that cannot be identified during the initial inspection of the goods, responsibility for these defects during the period of use of the final product is transferred to the supplier.

All suppliers of Plastcom s.r.o. are obliged to manufacture the supplied products in accordance with applicable legal regulations /e.g. environmental protection, electricity and electromagnetism/ valid in the country of production and sale.

All suppliers of Plas s.r.o. undertake to:

- meet the requirements of the IATF 16949 or ISO 9001 standard in the area of quality, environment, occupational safety and health;
- ensure the absence of prohibited substances according to EU directive 2000/53/EC – End-of-life vehicles;
- ensure the absence of prohibited substances, including brominated flame retardants PBB and PBDE, EU directive RoHS 3 of 22.7.2019 - Prohibition of the use of hazardous substances in consumer and technological products;
- meet the “Conflict minerals“ requirements;
- ensure activities associated with the obligation regarding the "REACH" registration together with their fulfilment, if the supplier has such an obligation;
- ensure the fulfilment of other requirements arising from the fulfilment of regulations of European and national legislation (including requirements raised by the automotive industry representatives) in matters of environmental protection, occupational safety and health, illegal employment, forced labour, etc.;
- based on the charter of human rights, the suppliers declare that they do not support the employment of children and comply therewith;
- suppliers transfer the requirements of Plastcom s.r.o. to their suppliers;
  - suppliers are obliged to enable an audit to be carried out at Plastcom s.r.o. by the other party.

3.7. Serial deliveries and initial inspection at Plastcom s.r.o.

The parameters will be checked or measured according to the testing instructions of Plastcom s.r.o. In case there is a deviation, a NCR is issued.

3.8. Delivery and payment terms /unless agreed otherwise/

Delivery dates - standard products max. 2 weeks
- special materials max. 4 weeks

As standard, the invoice maturity date is at least 30 days, unless agreed otherwise with the Plastcom supplier.

3.9. Carrying out product audits and requalification

The requirement of Plastcom is that suppliers perform product audits at regular intervals at least once a year and requalification at least once every 3 years following the last sampling. The results of product audits and requalification must be available to Plastcom if requested.

3.10. Approval of the quality manual by the supplier

The quality manual can be found at https://plastcom.sk/

A reference to the quality manual is included in every issued purchase order. By accepting it, the supplier agrees to the requirements stated in this quality manual.

If the supplier does not object to the requirements of the quality manual within 10 days after receiving the order, this quality manual is considered accepted by the supplier.