

**KOELNER
RAWLPLUG IP Sp. z o.o.**

**QUALITY ASSURANCE GUIDELINE
FOR SUPPLIERS**



Revision History							
Revision	Change	Prepared by:		Checked by:		Approved by:	
		Name and Surname	Date	Name and Surname	Date	Name and Surname	Date
01	Approved	M.Madej	14.12.18	M.Osetek	14.12.18	M.Mokot	14.12.18

Definitions:

Symbol / Name of definitions	Explanation
Suppliers	Raw materials Supplier, Fastener supplier, Semi-finished products supplier, service provider
8D	Problem solving report (report with 8 steps)
AIAG	Automotive Industry Action Group
APQP	Advanced Product Quality Planning
VDA	Verband der Automobilindustrie
PSW	Part Submission Warrant
IMDS	International Material Data System
FMEA	Failure Mode and Effects Analysis
SPC	Statistical Process Control
CQI-11	Special Process: Plating System Assessment
CQI-12	Special Process: Coating System Assessment

Content

1. Purpose and range	4
2. NDA and customer protection.....	4
3. General requirements for suppliers	4
3.1. Quality targets	5
3.2. Suppliers Continuous Improvements	5
3.3. Documentation	5
3.4. Communication	5
4. Supplier Qualification Requirements	5
4.1. Quality Managment System	5
4.2. Environmental Management System	6
4.3. AIAG Special Processes Assessment – CQI.....	6
4.4. KOELNER RAWLPLUG IP Supplier Quality Audits	6
5. Selection of the supplier and preparation of the purchase contract.....	6
5.1. Contract with the supplier	6
5.2. Inquiry	7
5.3. Criteria for supplier selection.....	7
5.4. Selection of supplier.....	7
5.5. Cost analysis.....	8
6. Production Part Approval Process (PPAP)	8
6.1. Classification.....	10
6.2. Certificate 3.1 in accordance with EN 10204	10
6.3. IMDS – International Material Data System.....	11
7. Quality audits for suppliers	12
8. Processing complaints / process 8 D, product not-compliance	13
9. Suppliers rating system	14
10. Schedule and monitoring of deliveries	15
11. Deliveries.....	16
12. General terms of purchase.....	16

1. Purpose and range

The purpose of this instruction is to specify the terms and conditions for suppliers KOELNER RAWLPLUG IP, also to suppliers performing external services (special processes) to ensure high quality of services / products delivered.

This guide applies to the orders of KOELNER RAWLPLUG IP. In case of any inconsistency between the requirements of the order and the provisions of these requirements, the requirements of the order apply. In order to provide access to documentation and quality records in the field of orders realized by the supplier, as well as carrying out audits and verification of products and processes, KOELNER RAWLPLUG IP reserves the right to enter the supplier's and sub-supplier's companies for itself and its customer. KOELNER RAWLPLUG IP has the right to withhold the supplier's approval in case of reservations as to the quality, timeliness of deliveries, lack of response to recommendations or unsatisfactory supplier assessment.

2. NDA and customer protection

Managers cadre of suppliers should:

- acquaint with the content of this guide, understand it and ensure compliance with the provisions described in within the cooperation with KOELNER RAWLPLUG IP;
- observe with all of requirements, including all conditions set out in the Regulations regarding the placement of purchase orders.

All documents provided by KOELNER RAWLPLUG IP, including drawings, sketches and samples, remain our exclusive property.

The supplier undertakes to prevent any kind of access to these documents to third parties, to use documents and samples only to fulfill this particular order, so as not to copy documents for handling documents, samples for storage and return immediately after the contract has been performed.

KOELNER RAWLPLUG IP production processes resulting from the order must be treated as confidential and can not be used in own production or delivery for competitors of KOELNER RAWLPLUG IP even after placing an order.

The supplier is obliged to strictly store all information and "know-how" received from KOELNER RAWLPLUG IP. Providing such information to third parties requires the written consent of KOELNER RAWLPLUG IP.

3. General requirements for suppliers

All products and services shall comply with KOELNER RAWLPLUG IP's specifications and requirements.

KOELNER RAWLPLUG IP has an expectation of Zero Defects on all products and services delivered from the supplier.

Supplier should notify KOELNER RAWLPLUG IP of any potential or actual non-conformance in products supplied to KOELNER RAWLPLUG IP that may affect its form, fit, function, quality, reliability, safety, delivery, service or its compliance with regulatory and statutory requirements within one working day.

3.1. Quality targets

Zero defects are the common expectation for all suppliers.

KOELNER RAWLPLUG IP may define specific targets to work towards these expectations.

3.2. Suppliers Continuous Improvements

Strategic suppliers and suppliers of processes carried out outside are obliged to the development of their quality systems towards compliance with IATF 16949:2016, and at least certification for compliance with the requirements of ISO 9001:2015, VDA 6.1.

KOELNER RAWLPLUG IP requires a suppliers certified in accordance with ISO 9001:2015 to implement compliance with MAQMSR (Minimum Automotive Quality Management System Requirements for Sub – Tier Suppliers).

The supplier is obliged to present a long-term schedule of implementation of these standards. Supplier is obliged to supervise its processes as continuous improvement actions.

The supplier has to improve the quality of the products and services to meet the still increasing automotive industry requirements.

KOELNER RAWLPLUG IP declares the readiness to help its suppliers to improve the quality system (for example: trainings, quality assurance issues support).

3.3. Documentation

The suppliers undertake to keep special documents and records allowing tracking of the services provided for at least 20 years to allow immediate access to them. KOELNER RAWLPLUG IP will forward any changes to the specifications (drawings, standards, etc.) to the supplier immediately upon receipt, so that the changes can be included in all documents used for production at the right time. KOELNER RAWLPLUG IP keeps a records when changes are initiated and transferred to the supplier

3.4. Communication

All formal communications must be in English, unless otherwise agreed with KOELNER RAWLPLUG IP, and this rule shall apply to all documents sent by the supplier.

4. Supplier Qualification Requirements

Supplier qualification ensures that the Supplier has a documented and an effective system in place to produce Products and Services fulfilling all KOELNER RAWLPLUG IP specifications and requirements, and be capable to continue to improve quality, delivery and cost.

4.1. Quality Management Systems

To achieve the set objectives, KOELNER RAWLPLUG IP expects from our suppliers to have the Quality Management System certificate in accordance with the current version of IATF:16949 or at least with the current version of ISO 9001 and ISO 14001.

The Quality Management System allows to communicate, define, coordinate and control all the key activities necessary to design, develop, produce and deliver high quality products or services, which is why suppliers are fully responsible for the quality of products manufactured and delivered to KOELNER RAWLPLUG IP.

The aim of the quality management system is the rapid detection of any deviations from planned specifications for development, pre-production and series/batch production. It must ensure that effective remedial steps are implemented on time.

Attention: Suppliers must notify KOELNER RAWLPLUG IP immediately after the expiration or withdrawal of their registration by an independent organization.

4.2. Environmental Management System

The supplier has to ensure protection of all environmental resources during all steps of the projects.

Therefore, KOELNER RAWLPLUG IP recommends that the suppliers should be certified in accordance with the current Environmental Management Standard ISO 14001. Regardless of whether they are certified or not, suppliers are expected to accept responsible environmental management that meets all applicable legal requirements.

The supplier ensures compatibility with all additional environmental guidelines provided by the KOELNER RAWLPLUG IP or KOELNER RAWLPLUG IP's customer.

4.3. AIAG Special Processes Assessment – CQI

All KOELNER RAWLPLUG IP suppliers with “Special Processes” like Plating, Coating have to demonstrate its process effectiveness according to proper AIAG specifications: CQI-11, CQI-12 to KOELNER RAWLPLUG IP.

The annual supplier CQI Self-Assessment must be performed and the results must be submitted to KOELNER RAWLPLUG IP yearly and anytime if requested.

4.4. KOELNER LFS Supplier Quality Audits

KOELNER RAWLPLUG IP's is entitled to investigate and rate the quality assurance measures of suppliers. For this purpose and after an appointment has been made, the supplier will give KOELNER RAWLPLUG IP reasonable access to its establishment and provide a qualified employee for support. The optimization of any detected weak points is the responsibility of the supplier.

5. Selection of the supplier and purchase contract preparation

5.1. Contract with the supplier

Material supply orders are only concluded with suppliers who as a result of the qualifying assessment obtained the result of the assessment as qualified, capable or conditionally capable.

If the potential supplier has been assessed as conditionally capable, he must commit to implement corrective actions within the time agreed with the KOELNER RAWLPLUG IP.

Acceptance of the order by the supplier is unequivocal to accepting the purchase conditions. In the case of cooperation, the order is a „WZ” document.

Suppliers receive a form of feasibility analysis when ordering a new material, product and service sent by a representative of KOELNER RAWLPLUG IP.

5.2. Inquiry

Potential suppliers will be invited to participate in process of submit an offer. Suppliers must use the forms provided with the request for proposals specifying technical and quality requirements (including quality assurance, formal and legal regulations specifying the fulfillment of security conditions and environmental protection) as well as the cost details form.

5.3. Criteria for supplier selection

When deciding to cooperate with suppliers, the following criteria are taken into account:

- quality - in reference to the possibility of fulfillment specific requirements in concerning to the product and service;
- time - supplier's compliance with the required delivery dates;
- price - offer including delivery terms, payment date;
- risk generated by the supplier;
- supplier's Quality Management System;
- financial stability - profit and loss balance;
- compliance with legal and regulatory requirements;
- fulfillment CSR;
- knowledge and acceptance terms of orders by the supplier of KOELNER RAWLPLUG IP.

5.4. Selection of supplier

Suppliers can be selected in two different ways, based on the recommendations of KOELNER RAWLPLUG IP clients or as a selection of the KOELNER RAWLPLUG IP.

KOELNER RAWLPLUG IP evaluates offers sent from suppliers in accordance with the selection criteria.

Before the formal activity begins, the supplier is obliged to fulfil and send the Self-assessment Guide, which he received from the representative of KOELNER RAWLPLUG IP and is used to the supplier's qualification rating.

The supplier's Qualification Rating is carried out based on the Self-Assessment Guide, Risk Analysis Form, Feasibility Analysis or Second Party Audit.

The supplier is obliged to send references and other information with a guarantee of the ability to fulfillment the requirements of delivery efficiency, the level of product quality and care for the natural environment.

The first condition for obtaining the consent of the supplier is the fact that the supplier is certified in accordance with the ISO 9001:2015 standard and has the positive results of the

KOELNER RAWLPLUG IP quality audit. The suppliers certified with IATF:16949 are preferably taken into account by KOELNER RAWLPLUG IP.

An approved suppliers are listed on the list of suppliers approved by KOELNER RAWLPLUG IP, what is the main condition of starting a activity with a supplier.

If the provider does not meet the specific requirements KOELNER RAWLPLUG IP, quality or delivery performance in series production, the supplier may be removed from the list of approved suppliers. If necessary, KOELNER RAWLPLUG IP may at any time ask the customer for specific actions related to re-qualification.

The supplier should obtain the necessary knowledge about the global data system IMDS.

5.5. Cost analysis

Suppliers must provide appropriate forms containing detailed and accurate information about costs, if requested.

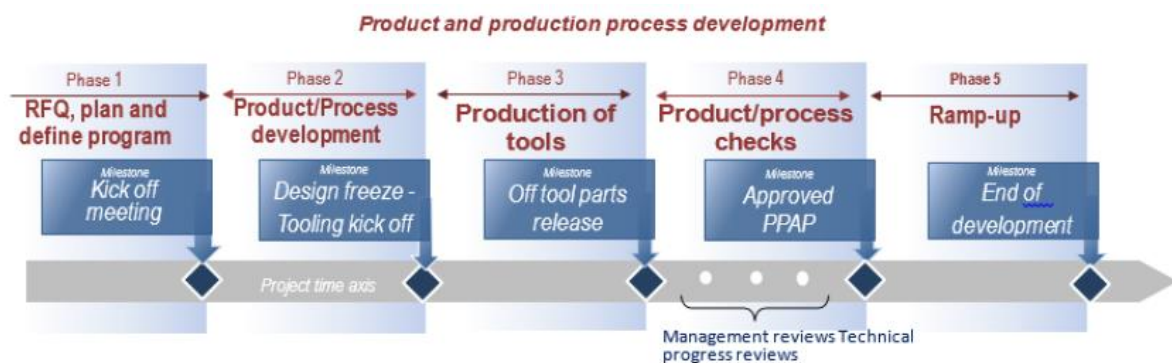
6. Production Part Approval Process (PPAP)

Before starting serial production, it must be shown that the quality requirements, which have been agreed upon in the drawings and specifications, are met.

PPAP is carried out according to the AIAG reference Initial Samples must be clearly marked and PPAP documents have to be attached.

PPAP procedure has to be performed before the serial deliveries and parts need the approval of KOELNER RAWLPLUG IP.

It is forbidden to implement any material changes, construction of parts modification, engineering changes and essential process changes without a new PPAP procedure and a new approval..



If the supplier does not meet one of the PPAP procedure requirements it can be a reason for PPAP rejection.

New approval is required for following:

- new components,
- modification of the manufacturing conditions,
- modification of the agreed specifications,
- change of supplier or source of material,

- change of manufacturing site,
- interruption of manufacturing for 2 years,
- in requalification procedure (re-PPAP) again KOELNER RAWLPLUG IP request.

Supplier of raw materials is obliged to submit:

- Cover Sheet (PSW),
- Dimensional report (incl. thickness, width, coil diameters),
- Material Report (incl. mech. & chem. properties, amount of oil, condition of surface).

Suppliers must use level 3 as the default level for each submission, unless otherwise specified by an authorized representative of KOELNER RAWLPLUG IP.

If KOELNER RAWLPLUG IP rejects the supplier's PPAP or final customer rejects KOELNER RAWLPLUG IP's PPAP, the supplier is obliged to prepare a new PPAP after solving the problem which resulted in the rejection.

Suppliers of semi-finished parts and fasteners (bought-in parts) are obliged to submit conformance of the parts as per the initial samples annually (documents to be defined with KOELNER RAWLPLUG IP). Resignation of this requirement can be defined with supplier individually.

In respect of critical characteristics, documentary evidence of a capability investigation shall be prepared and added to the initial sample inspection report.

Unless otherwise agreed, a project related quality capability (like APQP or similar, incl. production trial run under full-load and serial production conditions) will be carried out at the supplier's premises as part of the process approval procedure.

PPAP with the mistakes and/or many required PPAP improvements will be a reason of points deduction in annual supplier evaluation.

Requirements for submission / retention of PPAP at five levels:

Lp.	Requirements	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
1	Construction documentation of products	R	S	S	*	R
	• for subassemblies / details - customer project	R	R	R	*	R
	• for all components / details	R	S	S	*	R
2	Documents regarding construction and technological changes (if they are)	R	S	S	*	R
3	Customer Engineering approval (if required)	R	R	S	*	R
4	DFMEA construction (D-FMEA)	R	R	S	*	R
5	Process Flowchart + Floor Layout	R	R	S	*	R
6	Process PFMEA (P-FMEA)	R	R	S	*	R
7	Control Plan	R	R	S	*	R
8	Measurement System Analysis Studies (MSA)	R	R	S	*	R

9	Dimensional results	R	S	S	*	R
10	Test results according to the Control Plan - materials, - tests, functional tests of products	R	S	S	*	R
11	Test results Process capability (Initial Process Studies)	R	R	S	*	R
12	Qualified Laboratory Documentation	R	S	S	*	R
13	Appearance Approval Report (AAR)	S	S	S	*	R
14	Samples of details / product	R	S	S	*	R
15	Master Sample	R	R	R	*	R
16	Checking aids	R	R	R	*	R
17	Records confirming the compliance of products / details with specific customer requirements (CSR)	R	R	S	*	R
18	Part Submission Warrant PSW Bulk Material Checklist	S S	S S	S S	S S	R R

S- The organization shall submit to the customer and retain a copy of records or Documentation items at appropriate locations

R- The organization shall retain at appropriate locations and make available to the customer upon request

*- The organization shall retain at appropriate locations and submit to the customer upon request

6.1. Classification

As required by ISO/TS 16949 requalification of products must be performed by KOELNER RAWLPLUG IP is suppliers. Requalification of products is required to be performed yearly.

Supplier has to make internal requalification, but without sending of re-PPAP documents and Initial Samples to KOELNER RAWLPLUG IP unless it is expressly required later by KOELNER RAWLPLUG IP.

6.2. Certificate 3.1 in accordance with EN 10204.

A 3.1 certificate is a document stating that the delivered products are compliant with the requirements specified in the order (the requirements specified in the order are understood as agreed and confirmed when ordered).

The document is required from strategic suppliers, it must be issued by an authorized representative of the producer (regardless of production) and contain the results of tests (chemical composition and strength tests) carried out on the basis of a specific inspection. This document must be attached to each delivery to KOELNER RAWLPLUG IP.

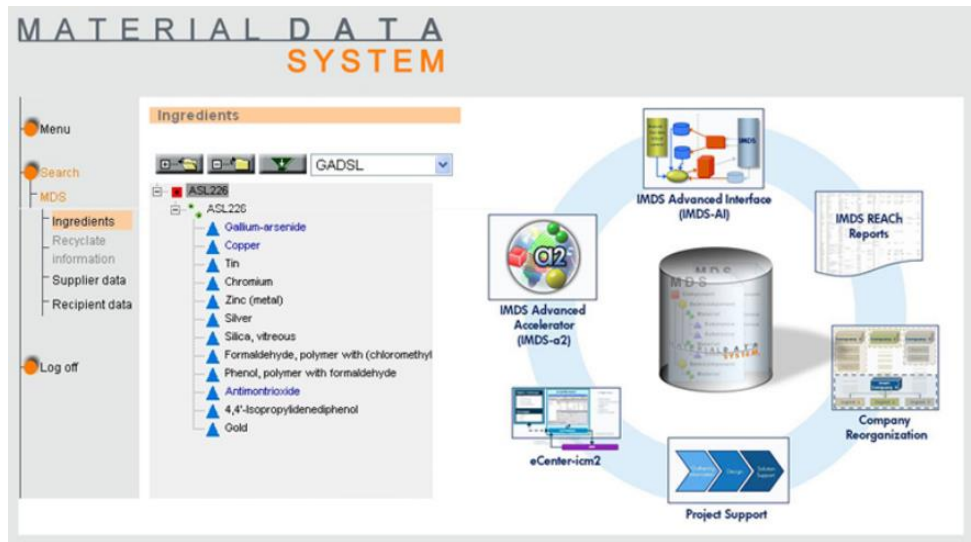
It is permissible for the supplier to mention in the delivery certificate 3.1 the relevant test results obtained during the acceptance control of unprocessed or pre-processed batch materials, provided that the manufacturer complies with the traceability procedures and can provide the relevant required control documents.

The supplier undertakes to send one copy of the Certificate of Conformity via email and day before the deliver date.

6.3. IMDS – International Material Data System

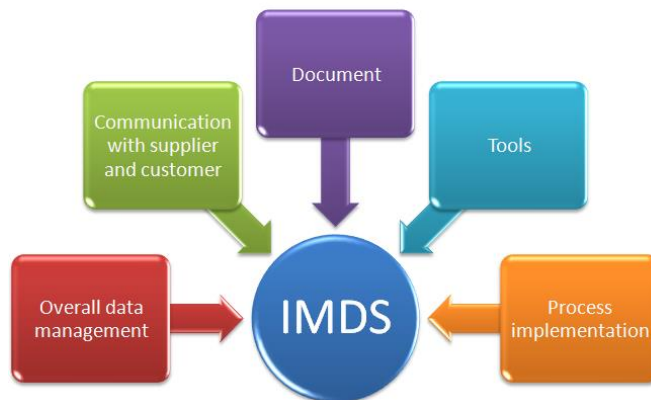
A precondition of the supplier's a finished parts approval or bought-in parts approval is also the correct report in IMDS data system (<http://www.mdsystem.com>) and KOELNER RAWLPLUG IP report approval.

The supplier has to have knowledge of IMDS management. The report has to be prepared specifically for the appropriate KOELNER RAWLPLUG IP plant. It is unacceptable if the report is prepared with an ID which is different to the required delivery plant ID.



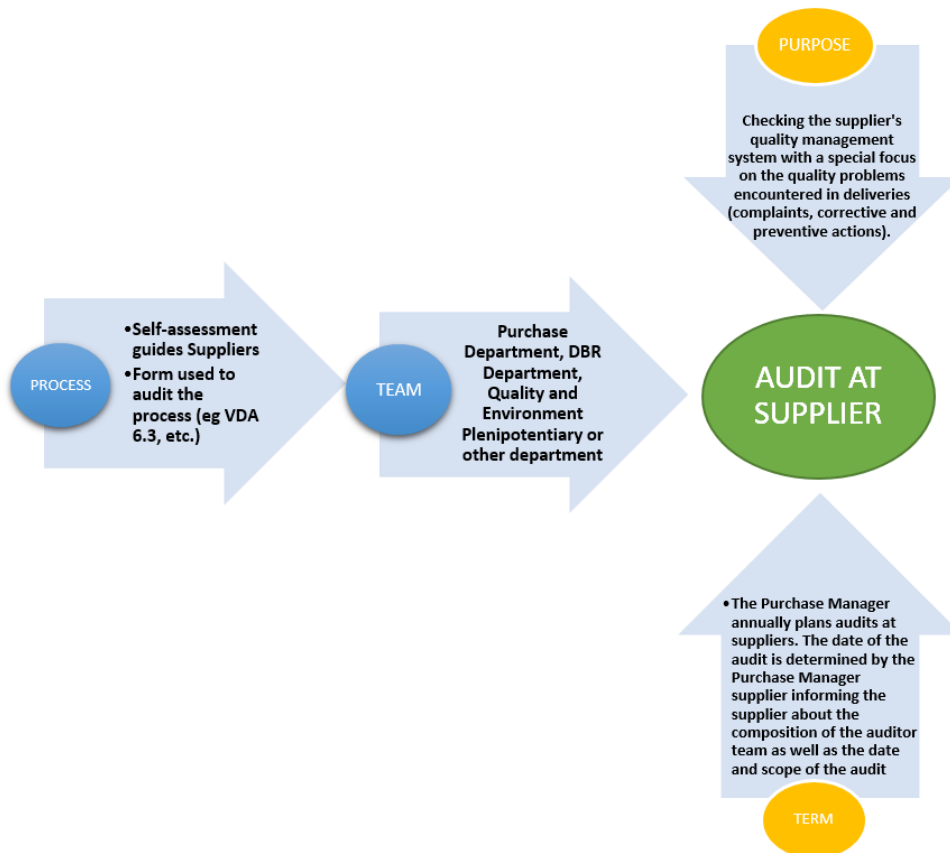
The IMDS print out report for each part has to be attached to the PPAP documents. The supplier is obliged to use only OEM customers' part numbers in the IMDS system.

The approval of the IMDS supplier report by KOELNER RAWLPLUG IP is a condition for further cooperation with the supplier.



7. Quality audits for suppliers

In order to assure continuous improvement by the suppliers, KOELNER RAWLPLUG IP can conduct quality audits in their supplier's plants acc. to VDA 6.3.



The quality system, process (Potential Analysis, Process Audit), parts can also be subject to an audit. Quality audits are carried out by qualified (acc. to VDA 6.3) KOELNER RAWLPLUG IP VDA 6.3 Process auditors.

The supplier is obliged to work out and implement corrective and preventive actions and also supervise effectiveness of these actions acc. to required schedule. A written response from the supplier is required regarding the corrective actions taken following the discrepancies found.

Supplier audits are considered as an evaluation tool for:

- supplier quality system effectiveness when the performance level drops to unacceptable levels,
- strength of quality system of subcontracted suppliers,
- effectiveness of corrective and preventive actions.

Suppliers may be asked for self-evaluation in process control according to VDA 6.3 The results should be sent to KOELNER RAWLPLUG IP and can be verified in the VDA 6.3 process audit conducted by KOELNER RAWLPLUG IP.

8. Processing complaints / proces 8D, product not-compliance

Due to the quality assurance regulations, the necessary controls will only be carried out at the supplier's plant.

If deviations in quantities, packaging or obvious quality problems are found, the KOELNER RAWLPLUG IP will complain directly to the supplier.

The supplier may be informed about the complaint in writing and obliged to take action in accordance with the complaint report.

The supplier is obliged to send the first response in 3D within 24 hours and within 7 days (completed report 8D) with details of corrective and preventive actions. The 8D report can be prepared using the supplier form. If the supplier does not send the 8D report within a certain time, it will be assessed negatively as part of the supplier's annual assessment.

Every quality problem appearing in the KOELNER RAWLPLUG IP process causes disturbances and additional work.

KOELNER RAWLPLUG IP will make every effort to immediately inform the supplier about any defects found.

Due to the importance of respecting delivery dates and periods recognized by the KOELNER RAWLPLUG IP and the supplier, the supplier is not always able to remedy defective deliveries due to an urgent reason. In such cases, the KOELNER RAWLPLUG IP, after consultation with the supplier, is authorized to repair the defects and issue an invoice to the supplier for incurred costs, eg sorting, processing and returning defective parts.

However, if it is still possible to resolve the defect through the supplier, due to the urgency of the order, the KOELNER RAWLPLUG IP will return the goods together with information on the defects of the supplier. Unused costs will be invoiced to the supplier.

Due to the importance of the delivery date or delivery date, KOELNER RAWLPLUG IP is entitled to claim any legal consequences resulting from the delay if the delivery deadline is not met. KOELNER RAWLPLUG IP will not have to grant a grace period. If the supplier is responsible for the defective condition (as a result of negligence or intent), the claim for damages also covers secondary damage.

If non-conforming products are identified after shipment from the supplier, one or more of the following immediate containment actions shall be initiated, based on mutual agreement between KOELNER RAWLPLUG IP and the supplier, and subject to and subject to KOELNER RAWLPLUG IP only and final decision.

1. The supplier shall inspect and sort products with unidentified status at any defined place (KOELNER RAWLPLUG IP, supplier, KOELNER RAWLPLUG IP customer, or others). All costs incurred will be at the supplier's expense.

2. The suspected batch/shipment will be retained for one or more of the following actions:

- Supplier's immediate replacement of the product;
- Return of batch/shipment to the supplier, with the condition of complete replacement, sorting or rework of the products, and any other charges incurred, at the supplier's expense;

- Third-party sorting organized at a any site specified by KOELNER RAWLPLUG IP, at the supplier's expense;
- Scrap, loss, and any other additional costs incurred by KOELNER RAWLPLUG IP, as a result of non- conforming products, are at the supplier's expense.

9. Suppliers rating system

KOELNER RAWLPLUG IP once a year (in the first quarter) informs suppliers in writing about their evaluation using the supplier's catalog.

The purpose of the qualifying assessment is to make sure that suppliers meet the requirements for Quality and Logistics.

The following five criteria are used by KOELNER RAWLPLUG IP for the annual assessment of suppliers.

I. QUALITY OF DELIVERY (deliveries in qualitative terms)

The indicator includes disruptions from the customer at the receiving plant (-5%) and returns from dealers, guarantees, operation in the operational phase, product recall shares (-10%).

Table 2. Overall assessment of suppliers' evaluation.

Supplier category	Points (%)
Group A	100-90
Group B	90-80
Group C	<80

II. DELIVERY TIME (delivery on time)

This parameter applies both to the delivery and delivery of the quantities delivered.

Table 3. Overall assessment of suppliers' evaluation.

Supplier category	Points (%)
Group A	100-90
Group B	90-80
Group C	<80

III. No Premium freight costs due to delayed / missing parcel

Table 4. Overall assessment of suppliers' evaluation.

Supplier category	Points (%)
Group A	100-90
Group B	90-80
Group C	<80

IV. Technical assistance

Table 5. Overall assessment of suppliers' evaluation.

Supplier category	Points (%)
Group A	100-90
Group B	90-80
Group C	<80

V. Possessing the Quality Management Certificate

The certification status shows compliance of suppliers with the requirements of certification from KOELNER RAWLPLUG IP customers.

Table 6. Supplier's rating according to the certificate.

Certificate	Division of the supplier	Points (%)
ISO/TS 16949	Group A	100
ISO 9001 lub ISO 14001	Group B	80
Self-assessment form	Group C	50

The supplier can reach a 100% score for each of the five supplier evaluation criteria. The total score is calculated depending on the weight assigned to a given category and the result obtained.

If the supplier is in group B the supplier should present an improvement Action Plan. If the supplier is assessed in group C, he is subject to immediate recovery plans and new production orders are suspended.

The goal for each supplier is to be in group A which means very good and preferable supplier.

10. Schedule and monitoring of deliveries

KOELNER RAWLPLUG IP to ensure the timeliness and rhythmicity of screw products delivery for all customers, especially for the automotive industry, maintains a monthly stock of basic material (wire rods). Current control of the inventory of suppliers is carried out, as well as detailed monitoring of the timeliness of deliveries of the basic material (applies to wire rod).

In the case of a reduction in stocks, a supplementary delivery may be organized. In the case of a delay in delivery, an explanatory intervention is carried out.

Analysis of the results of activities of strategic and key suppliers is carried out every month according to the criteria of product compliance with requirements, delivery timelines as well as special transports.

On the basis of the supplier monitoring results, the actions are called for calling the supplier to improve and presenting a corrective action plan, verifying the supplier's risk analysis by the interdisciplinary team, technical visit and discussion of problems, auditing as well as blocking the supplier.

11. Deliveries

Ordered products must be delivered in a manner consistent with the provisions of special conditions specified in the KOELNER RAWLPLUG IP order, they must be free from obvious and hidden defects, and must be accompanied by a delivery document (WZ or invoice and quality certificate - certificate, safety data sheet in case of chemical substances). This document should contain the complete order number of the buyer, specification of the assortment and the quantity of products delivered. A copy of this document should be forwarded to KOELNER RAWLPLUG IP with confirmation of receipt.

The supplier is obliged to deliver the goods at his own expense without adding any additional costs, unless the contract provides otherwise.

The goods must be packed, labeled and labeled allowing quick identification.

The supplier is liable for damages resulting from damage and contamination of goods caused by improper packaging and lack of protection during transport.

12. General terms of purchase

General Terms and Conditions of Purchase constitute an integral part of all purchase-sale contracts or provision of services concluded with KOELNER RAWLPLUG IP and apply to them, unless the parties expressly agreed otherwise. Each deviation from the application of these General Terms and Conditions of Purchase must be in writing under pain of nullity.

Suppliers should undertake to read and comply with the general terms and conditions of purchase available on the website: <https://www.klfs.pl/pl/firma/dokumenty/>