

# Supplier Requirements Manual for non-chemical components



Wherever the name "proseat" is used it refers to all of its affiliated and related entities, namely proseat SAS, proseat n.v., proseat GmbH + Co.KG., proseat s.r.o, Proseat Sp. z o.o., Proseat LLP, proseat Schwarzheide GmbH, proseat foam manufacturing S.L.U.

## 1.0 MANAGEMENT MESSAGE:

proseat recognizes the Global IATF 16949 and ISO 14001 Standards and other Customer requirements as they apply to automotive production and relevant service part organizations. Accordingly, all proseat production suppliers are required to establish documents and implement effective production, quality and management systems compliant with these requirements, including those specified by the customer's requirements. Suppliers supplying products for VW group related projects shall install D-TLD management (when applicable) and follow the rules of the latest Formel Q requirements.

This manual reinforces the proseat Purchase Order Terms and Conditions and identifies proseat's customer specific requirements. ISO 9001, IATF 16949, and if requested ISO 14001 are applicable to all supplier manufacturing sites and include production parts, service parts and production materials as well as assemblers of production parts that are supplying proseat plants.

proseat reserves the right to verify supplier compliance to ISO 9001, IATF16949, or ISO 14001 on-site for those suppliers identified as having a high impact to safety, fit, form, function, quality and or customer downtime. Any proseat personnel or accompanied proseat Customer reserves the right to visit the supplier's manufacturing site to verify capacity, quality of purchased products and review supporting documentation. All communication and documentation must be made available in the English language.

NOTE: Additional proseat sites or Business Units may mandate additional requirements on their Purchase Order or other written supply agreements. In some cases there may be individual agreements replacing sections of this manual. If any deviation from these requirements exist there has to be a written agreement signed by proseat Purchasing and Corporate Quality.

## REGISTRATION REQUIREMENTS: (unless otherwise agreed)

### Component/service parts suppliers currently certified to ISO 9001 actual version

Compliant to IATF16949 actual version

- 3<sup>rd</sup> party registered to IATF 16949 actual version, in the year following the supplier assessment (supplier to provide statement /timing plan)

## CERTIFICATE MAINTENANCE:

- Whenever a supplier receives a quality standard certification for the first time or for renewal, a copy of the certification must be sent to the Corporate Quality Department.
- If certification is rescinded, the supplier must notify the Corporate Quality Department in writing within five business days. Certificates or notice of rescinded certificates can be emailed to [corporate.quality@proseat.de](mailto:corporate.quality@proseat.de)

## 2.0 SUPPLIER RISK ASSESSMENT:

proseat Corporate Purchasing and Corporate Quality and Programm will conduct Supplier Risk Assessments to determine which products are to be identified as from "selected suppliers" and will be tracked by Corporate Quality.

Criteria includes but is not limited to:

- Product / process complexity
- Past product / process concerns
- Impact on final product
- Past warranty concerns
- New product / process for supplier
- Mergers, Acquisitions or Affiliations associated with a Supplier
- Project related resources & their competences
- New product / complexity for proseat
- Supplier launch history
- New supplier production location
- New supplier
- Product environmental impact

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## 3.0 ADVANCED PRODUCT QUALITY PLANNING (APQP):

All development suppliers are required to produce advanced quality plans to support the development of new products and/or services, in accordance with the guidelines in the latest *Advanced Product Quality Planning and Control Plan (APQP)* manual.

- All suppliers are required to report the status of plan activities on an agreed regular basis.

## 3.1 COMPONENT REVIEW MEETING:

- Component review meetings are held with selected suppliers to identify key product/process characteristics that must be statistically monitored to ensure stability.
- Component review meetings will determine packaging and labeling requirements. Shipping trials can be required to evaluate the ability of the packaging to preserve product quality.

## 3.2 NEW PRODUCT/PROCESS LAUNCH READINESS MEASURES:

proseat Corporate Purchasing and Corporate Quality monitors and manages selected suppliers from new product release through the start of production. New product/process launch readiness measures are implemented to ensure that suppliers are able to produce in accordance with the requirements of the Purchase Order and to verify that eventual additional customer requirements ( eg. Contingency plans ... ) are properly installed.

### 3.2.1 SUPPLIER DOCUMENT / PROCESS REVIEW / COMPETENCES:

- The Supplier Document / Process Review documents the progress of the supplier's product quality plan.
- Corporate Quality may audit selected supplier's documentation and manufacturing site, and monitors the supplier's progress in closing any open issues.
- The supplier has to confirm that adequate project resources & competences are defined and available. Proseat is entitled to request the relevant evidence on demand

### 3.2.2 PRODUCTION TRIAL RUN:

- All suppliers are required to perform a Production Trial Run (Run at Rate) prior to launch. A Production Trial Run is performed to verify that a supplier's actual production process is able to meet program volumes at an acceptable quality level.
- The supplier's process must be able to produce 120% of the quoted volume with production tools and equipment and in the quoted work pattern(s).

### 3.2.3 LAUNCH SUPPORT:

- During any program launch at a proseat or proseat Customer production facility, selected suppliers may be required to provide on-site representation.
- The supplier's launch support representative(s) must be knowledgeable, capable and empowered to make decisions.

## 4.0 PRODUCTION PART APPROVAL PROCESS:

Suppliers are required to submit and obtain full approval from proseat per the latest requirements of the *Production Part Approval Process (PPAP) Manual*.

Sample submissions are to be Level 3 unless otherwise specified.

- PPAP documents are to be submitted to the Quality Department of the receiving proseat plants for approval.
- Six (6) certified samples (per tool/cavity) with the dimensional report are to be submitted to each using facility for fit and function approval unless otherwise specified
- Suppliers must provide evidence of materials, substances, and recyclability data submission (IMDS) with every PPAP submission. PPAP approvals will not be granted for packages that do not contain this information. IMDS number must be clearly stated on PSW cover sheet.
- It is the supplier's responsibility to ensure that supplied materials are in accordance with the IMDS list of reportable substances.
- Suppliers are responsible for cascading this requirement and collecting data from their respective sub-suppliers.

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- Annual layouts and material testing are required to verify continuing conformance using certified gages and/or equipment. This data is to be kept on file at the supplier location and made available to proseat personnel within the same business day.

#### **4.1 PRODUCT / PROCESS CHANGES:**

- proseat Corporate Purchasing and Corporate Quality and all receiving facilities must approve all changes to product and/or process in advance.
- Samples may be required for review and to evaluate potential impact on proseat's manufacturing processes.
- Level 3 PPAP Submission approval is required unless specifically waived in writing by proseat Quality Management of the receiving proseat plant.

#### **4.2 PRODUCTION LOCATION CHANGES:**

- All production location changes to product and/or process must be requested and approved in writing in advance by proseat Corporate Purchasing and Corporate Quality.
- proseat Corporate Purchasing and Corporate Quality will facilitate the development of the tool move plan with input from the receiving proseat Plant and the Supplier.
- The tool move plan must be submitted to, and approved in writing by, Corporate Purchasing.
- The tool move plan must include the requirements of a production bank if necessary to ensure proseat's production and service requirements are not affected.
- Current Level PPAP submission and approval is required as defined in the latest PPAP manual prior to the shipment of production material from the new location.
- Cost of re-assessment shall be borne by the supplier.

#### **4.3 EXTERNAL PRODUCTION SUPPLIER EXTENDED SHUTDOWN/START-UP AUDIT:**

- proseat Corporate Purchasing and ALL receiving proseat facilities must be notified in writing a minimum of 30 business days prior to an extended production shutdown.
- The supplier may be required to submit to Corporate Purchasing a completed Shutdown/Start-Up Audit document.
- Examples of extended shutdown/start-up periods include customer change-over, scheduled preventative maintenance for tooling, machinery or processes or the anticipation of a work stoppage due to Union Contract Negotiations.

#### **5.0 CONTAINMENT POLICY:**

All suppliers are required to have a containment process to provide additional verification – outside normal processes, prior to shipment. The process must include identifying containment actions, isolating concerns, data collection and implementing corrective actions. Reference is GM 1920 (GP-12)

- The lot must be clearly marked to indicate the product has been inspected/tested to be 100% defect free.
- Exit criteria will be determined on an individual basis by the proseat production facility or proseat Corporate Purchasing and Corporate Quality.

#### **5.1 EARLY PRODUCTION CONTAINMENT (aka Level 1 Containment):**

Containment is required for new production start-up and engineering changes to contain any failure modes due to the learning curve of new start-ups.

#### **5.2 CONTROLLED SHIPPING 1 (CS1) (aka Level 2 Containment):**

Level II containment requires the supplier to implement extraordinary inspection of product to contain a specific failure. Containment actions must verify that requirements are met and be approved by the proseat production facility. Records must be made available to proseat upon request.

#### **5.3 CONTROLLED SHIPPING 2 (CS2) (aka Level 3 Containment):**

Level III containment requires the supplier to use an independent third party approved by proseat Corporate Quality and plant to inspect product prior to release for shipment to the proseat production

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facility. CS2 containment is initiated once the supplier fails to contain non-conforming product within his or her own facility. proseat has the right to require third party inspection to be conducted offsite.

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## 6.0 SUPPLIER PERFORMANCE AND REPORTING:

proseat evaluates direct production material suppliers based on the following criteria:

- Rejected Parts per Million (RPPM)
- Service (including Environmental Reporting , PPAP on time , D-TLD audit submission)
- Competitiveness
  - Delivery and shipping discrepancies
- Product Complaint Notices(PCN)
  - Re-Qualification Testing
- Energy Efficiency

Quality goals for specific project and/or products shall be agreed upon sourcing and special quality agreements may be required. Regular submission of certificates for specific items (checked according to the drawing) may be required.

Performance information is used to prioritize opportunities for improvement within the proseat supply base. Based on performance individual follow-up and action plans may be required from selected suppliers. It is used to communicate performance to our suppliers and is also used to evaluate future proseat sourcing opportunities

## 7.0 PRODUCT COMPLAINT NOTICE/ NOTE OF COMPLAINT (PCN)

- The supplier shall be debited for any/all product failure costs determined to be the responsibility of the supplier, regardless if failure occurred prior to or after shipment to the end/final customer. Product, logistical and service non-conformances/complaints will be reported through the use of a PCN. This form will also be used to inform the supplier of the request for written corrective and preventive action.
- Upon the receipt of a PCN, the supplier will provide authorization for disposition **within 24 hours**. Failure to make disposition within 24 hours, will empower the proseat site to make disposition at the suppliers' cost. All materials returned, reworked, scrapped will be counted against the suppliers' Rejects Parts Per Million (RPPM)
- Non-conforming products can only be shipped after that a written deviation request is approved by the Proseat Quality Manager.
- If shipment of nonconforming or suspected nonconforming product has been detected by the supplier hand is in transit or has been delivered to proseat, the supplier must immediately notify, by phone, the Quality Department at each proseat receiving location
- Corrective Action must be reported on the form required (8D) **within 24 hours** and include at a minimum interim containment actions. Updates must be submitted every 5 business days until closure.

### 7.1 REJECTED MATERIALS:

- proseat will determine freight method while minimizing cost to the supplier, but will ensure that the end customer does not suffer material shortages. The supplier will receive shipping instructions from proseat Materials department to replace rejected material. This will be based on customer coverage.

## 8.0 INCOMING QUALITY (IQ) MEETINGS:

proseat conducts IQ meetings for top problem suppliers who are required to attend and present containment/corrective actions. Top problem suppliers are identified based on the following:

- Performance History/ Repetition of Issues
- Issue Severity
- Responsiveness to Concerns
- Warranty Issues

## 9.0 COST RECOVERY POLICY:

Suppliers are liable for all costs incurred by proseat and end use customers when the cause is the supplier's responsibility and are outlined below:

- **ALL SUPPLIERS** – Charges to suppliers will be based on local rates of the affected proseat manufacturing location.
- **ADMINISTRATIVE CHARGE** - Each Product Complaint Notice (PCN) has an administrative charge of 125 € covering the collection of data and documentation of the quality incident.

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## 9.0 COST RECOVERY POLICY: (continued)

- **OTHER CHARGES** - the following types of charges will be calculated on the actual time and costs incurred for the associated action:

### **EXAMPLES OF COSTS THAT CAN BE CHARGED BACK TO THE SUPPLIER:**

- Rework/Repair/Scrap Supplier Fault
- Dispositioning of Supplier Fault Scrap
- Premium Freight Costs including Air Charter if Required
- Overtime to Avoid Production Interruption
- Production Down Time for proseat and its End Customer
- Sorting of Suspect Material In-House, at Customer Location or Third Party and Contractor Costs
- On-line Containment
- Tear-Down (Minor, Major, and Complete) and Outside Lab Testing
- Customer Returns Including Hourly Charges, Transportation and On-Site Inspection Services
- Failure to meet Customer Environmental Reporting and Documentation Requirements
- Receiving Inspection, Material Handling and Freight Associated with Scrap and Replacement Material
- Transportation Waiting Charges, Trailer Storage Charges
- Legal Fees and other Professional Fees
- Travel Costs

## 10.0 ISO 14001 AND OTHER ENVIRONMENTAL REQUIREMENTS:

All proseat suppliers must have an effective environmental management program in place. Third party Registration to ISO 14001 may be required.

### 10.1 OTHER ENVIRONMENTAL REQUIREMENTS:

- All proseat suppliers must work proactively with proseat to reduce the environmental footprint of proseat's products by complying with the environmental requirements of our customers.
- Materials, substances, recyclability, life cycle assessment (LCA)/ end of life vehicle (ELV) data, etc. are to be reported according to legal requirements and/or those from proseat's customers.

### 10.2 REACH

- All non EU suppliers shall declare all substances of very high concern above 0,1 %(w/w) concentration towards Proseat according REACH article 33.

## 11.0 ELECTRONIC DATA INTERCHANGE (EDI):

- All suppliers supplying production parts, assemblies, components and production materials to proseat plants shall have EDI capabilities and send Advanced Shipping Notifications ( ASN ) with each shipment.

## 12.0 CONTRACT REVIEW:

Replacements Parts, Pricing and Support Pricing and delivery of service parts must comply with OEM requirements and authorizations.

### 12.1 BUILD OUT/OBSOLESCENCE:

- The supplier must have detailed procedures in place defining the responsibilities and methods to be used in Materials to manage build out of all programs to minimize obsolescence.
- proseat will be responsible to purchase raw material and finished product that the supplier is authorized to purchase and produce, according to the material and fabrication authorizations. The supplier will have fifteen calendar days from the notice of build out of parts to file the obsolescence claim with proseat.
- proseat Materials Manager may audit the obsolete material at the supplier to validate the claim.
- The supplier shall be paid the obsolescence claim once proseat has received payment from the end customer.

## 12.2 REPLACEMENT PARTS, PRICING AND SUPPORT:

Service requirements are as follows:

- Replacement parts must be supplied at production pricing with no additional set-up charges for a period of 3 years after final production build out. Thereafter, parts must be supplied at agreed pricing for an additional twelve (12) years. All suppliers to proseat are required to supply parts for past model service in five (5) weeks or less from receipt of purchase order.
- The production supplier must accept service life responsibility including, but not limited to, maintenance and storage of tooling, process control plans, operator instructions, warranties, etc., for the running of all service parts.
- Upon completion of the 15-year service term, a request must be made through Corporate Purchasing to obtain authorization to dispose of tooling from the OEM. The supplier will be responsible for all storage costs pending resolution with the OEM. Under no circumstances is tooling to be destroyed or disposed of prior to OEM authorization.

## 13.0 HANDLING, STORAGE, PACKAGING, PRESERVATION AND DELIVERY:

### 13.1 PACKAGING AND LABELING:

- The choice of packaging could have a significant effect on product quality and is to be considered during feasibility evaluation. Shipping trials must be conducted to evaluate the ability of the packaging to preserve product quality. Packaging must be approved, and changes shall not be made by the supplier, without prior approval by Corporate Purchasing.
- Containers shall be ergonomically designed to reduce the exposure to injury when handling pallet-sized containers. For less than pallet-sized containers, total package weight, when full, shall not exceed 15 kg. Protective wrapping or specified pallets may be required by proseat.
- All suppliers shall operate under written packaging and labeling procedures. Each separate unit of packaged product shall have labels on two adjacent sides. Rolled goods shall have at least one label attached to the core in addition to the label on the outer covering. Rolled goods cannot have different shade codes mixed on pallets. Failure to comply with customer requirements on labeling is cause for rejection.

### 13.2 RETURNABLE CONTAINERS:

- Expendable packaging will not be accepted unless the supplier obtains written authorization from the proseat Corporate Purchasing Department prior to initial production shipment.
- proseat requires packaging, dunnage, and palletizing product to be returnable, reusable, or recyclable. Reasonable care in use and handling of containers shall be exercised.
- Chronic problems with container damage shall be referred to the proseat Corporate Materials Department for equitable disposition.
- If the supplier is not in possession of returnable containers or the containers received are in poor condition, the supplier is to contact the proseat Materials Manager at locations supplied for direction and resolution.

### 13.3 LABELING:

- Due to the variety of products purchased and manufactured by proseat, component suppliers shall use bar code shipping labels. These labels require all of the following information, unless other arrangements have been made with Corporate Purchasing.
  - supplier name and shipping location
  - quantity
  - unit of measure (as specified by proseat PO)
  - proseat inventory code number
  - shade code (where applicable)
  - latest proseat engineering level
  - supplier identification number
  - pack date
  - production date
  - product description
  - lot numbers
  - serial number (unique for each roll/pkg)

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## 13.4 INVENTORY CONTROL:

- All materials must be shipped in date produced order FIFO (first in, first out).

## 13.5 VOLUME ADJUSTMENTS:

- The supplier shall assure, through plant utilization records, that manufacturing can support an increase of 20% within the agreed lead-time for serial supply.

## 13.6 RELEASES:

- proseat requires delivery of all products in the agreed quality and in full accordance with the delivery schedules provided.
- Failure to receive a release does not constitute reason for short shipment. When a supplier does not receive a release on time, the supplier shall notify the proseat Materials Manager; while using the previous week's release and adhering to the same dates required. The supplier shall review the new release when received, and notify proseat if there is any chance that the release cannot be met.
- proseat will not be responsible for any storage charges due to decreased releases from our customer, and may not accept any over-shipments. proseat will continue to work with the customer and supplier to resolve release volatility issues.
- If non-delivery, delayed deliveries or short shipments are anticipated, ALL suppliers must immediately notify the proseat's Materials Management of the receiving location. Supplier concerns in regard to meeting volume increases must be communicated in writing to the plant Material Manager **within 24 hours** of receipt of the release.
- The supplier is expected to maintain a Disaster Plan in order to ensure supply in the event of production interruptions for whatever reason, not excluding *force majeure*. For high impact suppliers a sufficient safety stock is required in agreement with Purchasing and Materials departments and in accordance with the customer's requirements.
- The supplier must provide a full list of contact persons for emergency situations. An emergency contact must be reachable by telephone 24h per day, 7 days a week, 365 days per year. The designated individuals must be empowered to enable emergency activity at the supplier's manufacturing facility if required in exceptional circumstances.

## 13.7 CUSTOMS:

- All shipments shall be accompanied by the proper customs documentation to ensure border crossing. Shipping documents (packing slip, bill of lading, commercial invoice) will reference proseat part number and description. If documentation is missing or incomplete, the supplier shall assume all subsequent costs.
- All customs documentation, including pro-forma and commercial invoices, must be emailed or faxed to the receiving proseat plant Materials Department when load leaves supplier's dock.
- If further information is required, the supplier shall contact the proseat Materials Manager at the receiving location.
- If required, the supplier shall supply Certificate of Origin to the proseat plant Materials Department all materials supplied.

## 13.8 IN-BOUND FREIGHT:

- The supplier shall have a program in effect with their sub-suppliers which allows, at any time, for carriers assignment and tracking of in-bound products. The supplier material control activity shall assure raw material and component availability through documented communication between production, manufacturing, and purchasing activities.

## 13.9 OUT-BOUND FREIGHT:

- The supplier is required to coordinate freight carriers and schedules using the carriers designated in the agreements with the proseat purchasing and materials departments; however, suggestions for improvement may be forwarded to the proseat Corporate Materials Management Department.



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## 13.9 OUT-BOUND FREIGHT: (continued)

- The supplier shall assume responsibility for any charges associated with truck “wait time” in excess of ½ hour of the agreed collection time at the supplier facility.
- Suppliers must contact the proseat Plant Materials Management if not all the requirements on the release can be fulfilled, before the truck is released.  
Any charges generated by the use of an unauthorized/ unapproved carrier shall be at the suppliers' expense.

## 13.10 PHYSICAL CONDITION:

- All trailers are expected to be clean and in good useable condition. Any trailer damage shall be reported to the carrier prior to loading of product.
- Damage to the load due to faulty carrier equipment or damage while in transit shall be reported to the supplier by the receiver and addressed through an insurance/damage claim filed by the supplier against the carrier.

## 13.11 UNLOADING AND TRANSFER OF MATERIALS:

- All suppliers shall comply with unloading procedures established at each facility.
- In the event of an emergency, all suppliers shall follow plant emergency procedures. It is the responsibility of the supplier to become familiar with the procedures at each location they supply.

## 14.0 STATISTICAL TECHNIQUES:

### 14.1 CONTROL CHARACTERISTICS:

- Characteristics should be mutually agreed upon by proseat and supplier and chosen during Advance Product Quality Planning.
- Characteristics should be based on product function, design intent, fit, manufacturing process or other factors which may contribute to an out-of-control condition.

### 14.2 UNIDENTIFIED KEY PRODUCT/CONTROL CHARACTERISTICS (KPC/KCC'S):

- If key product/control characteristics have not been identified by proseat, the supplier shall choose process and/or product control characteristics which pertain to product manufacturing.
- proseat Plant Quality and responsible Design Engineer must approve the chosen key product/control characteristics affecting manufacturing processes.

### 14.3 KEY PRODUCT/CONTROL CHARACTERISTICS (KPC/KCC'S):

- When key product/control characteristic designation is identified on drawings, specifications, supply agreements, or purchase orders provided by the customer, the supplier is required to submit statistical data on that characteristic to the attention of the Quality Manager at each receiving proseat location upon request.

### 14.4 COMPONENT SUPPLIER STATISTICAL DATA SUBMISSION:

- Component suppliers may be requested in single cases to submit summaries of average Cp and Cpk indices.
- Additional, or more frequent, statistical information may be requested for assistance during problem solving or for variation reduction initiatives.
- It is advised, that suppliers submit the data via fax, email or mail and verify receipt of statistical data. It is the supplier's responsibility to ensure that the data reached the appropriate personnel.