

SUPPLIER MANUAL

FRAUENTHAL GNOTEC AB

and its subsidiaries

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INTRODUCTION

The Automotive industry is a demanding and changeable branch and it is our responsibility to adapt promptly in the most effective way possible. We all play a key role in the supply chain and we have to continuously improve and be innovative to manage these changes.

Public documents and manuals such as supplier General terms and conditions, supplier manual, logistic guidelines are published on Gnotec's web page www.gnotec.com/download and it is the supplier's responsibility to keep up to date with changes and how changes impacts them and act accordingly.

REQUIREMENTS AND EXPECTATIONS

The fundamental attitude within our supply chain shall be to continuously improve, to be preventive and predictable, and leaving nothing to chance. We always strive towards flawless supply and zero defects.

Quality and environmental systems

- ISO 9001
- ISO 14001
- IATF 16949 or a plan to become certified

Suppliers are required to notify Gnotec immediately if there are any changes regarding certificates.

Quality performance

- PPAP on time
- For non conformities we expect timely 8D handling.
- An annual quality target based on historical performance is agreed with SQA.

Logistics and delivery performance

- Deliveries on time with a target of 100%.
- All supplies under serial conditions shall be handle by EDI. Exceptions only if separate agreement.

Sustainability and environmental requirements

Suppliers shall set targets and perform actions to ensure safe management, and decrease use of hazardous chemicals.

Frauenthal Group Target is to reduce CO₂ emissions by 15% by 2025 and 50% to 2030. Suppliers shall present actions to contribute to reducing CO₂ emissions. When required suppliers are expected to report environmental and emission evaluation.

Suppliers shall upon request from Gnotec submit a valid CMRT (Conflict Mineral Reporting Template) and/or CTR (Cobalt Reporting Template) report.

- Suppliers are obliged to follow Code of conduct for business partners.

SOURCING

This section explains the steps of becoming a supplier to Gnotec. Before submitting a quote to any Gnotec company, the supplier shall have read and understood the prerequisites for becoming a supplier. These prerequisites are critical and any future business will be awarded under nothing less than these given terms.

Short supplier evaluation

Potential suppliers must submit the short supplier evaluation form addressed to the purchasing commodity buyer. The assessment will be evaluated by the sourcing board where decision will be taken.

Request for quotation (RFQ)

To be considered for new business the Supplier must answer to all addressed demands and topics within the RFQ.

Quotation

All RFQs have to be replied to as a formal QUOTATION where all criteria's have to be answered fully.

Gnotec expects that all Quotations are made under the Gnotec General Terms & Conditions, this supplier manual and our logistic guidelines.

Any restraints of capacity, tooling life time etc. have to be clearly noted within the quotation.

The supplier shall always make a technical product review within the quotation.

Prices and Lead time shall always be stated for following order and index level.

The process from prototype to serial delivery:

- Prototypes from order to supply
- First of tooling samples (FOT) from tool order to first parts out of tooling supplied.
- PPAP, from order to PPAP documents and samples approved.
- Serial delivery, from PPAP approval to first shipment supplied.

Supplier evaluation

The supplier will be evaluated using the VDA 6.3 standard. The reason is to get a broad overview of the Suppliers organization and processes.

To be a potential supplier to Gnotec the supplier must reach a minimum of 80% of the supplier evaluation and with acceptable score for all stopping parameters.

Stopping parameters

- Ownership
- Management
- Dependency
- Finance evaluation
- Quality system
- Ethical standard
- Environmental system
- Lack of Insurance (recall, product liability, company etc.)

Final agreement

Once a supplier has passed the approval process the supplier have to sign Gnotec purchasing terms and conditions prior to any nomination and purchase orders.

PRODUCTION PART APPROVAL PROCESS

The PPAP procedures main purpose is to secure that all technical specifications and design records are understood and met and that the process has a capability under serial manufacturing conditions to produce conforming parts.

PPAP has to be approved by Gnotec and return of signed PSW prior to any serial delivery can take place.

PPAP order

The purchaser will issue a PPAP order specifying following expected submission dates:

- IMDS/ (CAMDS for China) normally submitted two (2) weeks prior to PPAP submission date.
- PPAP / PSW submission date.
- Samples, normally five (5) measured parts with protocol to be submitted together with PPAP documentation.
- PSW approval or correction should be promptly communicated but not later than two (2) weeks after submission of complete PPAP.

Delays or non conformity

Any risk of delays shall promptly be communicated to the buyer and SQA, failure to deliver in time or missing parts of PPAP documentation can and will be seen as nonconformity or missed delivery and will be handle as a late delivery.

Submission documentation level

Suppliers shall always submit PPAP level 3 without any exceptions. After proven flawless submission over time and after formal audit at site. The Supplier can get approval to submit PPAP level 4.

NON CONFORMITIES AND CORRECTIVE ACTION

Managing nonconforming parts

Inspection reports

It is in everyone's interest to identify and address non conforming parts as quickly as possible.

The Supplier shall be prepared to take any or all of the following actions after nonconforming materials are identified at Gnotec facility:

- Main rule is to return material to supplier to be sorted.
- Replacement of nonconforming material
- Provide resources to perform required sorting or rework.
- Provide instructions and acceptance criteria required to support inspection, sorting or rework.

Depending on the situation and need the supplied parts may be sorted without approval.

Suppliers approval is necessary prior to any modifications or rework of products.

Supplier shall always investigate if similar fault could occur in similar parts and implement lessons learned to all related products and processes.

Suppliers are required to notify Gnotec immediately if it is suspected that non-conforming material has been shipped to a Gnotec plant.

Reporting

- Suppliers shall follow the 8D report discipline and common analysis tools to identify the root cause and prevent reoccurrence.
- All claims shall result in an up-dated FMEA which is due to be submitted for the long term solution.

Administration costs

Each actual and confirmed claim report will be invoiced with an administration fee (see table below) and at defined rate where issued. Repeating claim is defined by same part number claimed within rolling 12 months and all administration cost will be debited with a higher rate as per table below.

Location	Admin fee claims	Repeating claim
Sweden	3000 SEK	4500 SEK
Slovakia	200 EUR	350 EUR
China	1500 RMB	2500 RMB

Sorting costs

All costs associated with work and materials associated to a claim will be on the Suppliers responsibility. If sorting will be performed by Gnotec the following standard sorting cost apply as follows.

Location admin fee claims	
Sweden	350 SEK/hour
Slovakia	23 EUR/hour
China	175 RMB/hour

Escalation procedure

Suppliers can also be a subject for escalation due to repeating poor performance of 8D reporting, Delay of PPAP deliveries, Poor service etc. This will be initiated from the Quality Manager and the local purchasing department.