

Plastic Omnium Lighting

Global Supplier Quality Manual for 'Distributor' suppliers

Release 1

FOREWORDS

From Supplier selection up to product end-of-life management, Plastic Omnium Lighting (POL) permanently searches for the best suppliers capable to manage projects in time and to deliver conform components in the highest quality, in order to meet all Customer requirements.

POL is committed to provide products with high quality standard to all its customers, and to satisfy to all its customer requirements with determination and excellence.
POL expects the same from its suppliers, in order to build sustainable relationship and business growth partnership.

This Global Supplier Quality Manual presents POL requirements regarding manufacturing and components quality, both in development and in serial production.

POL will accompany and develop its partner suppliers which are fully committed to a permanent pursuit of improvement and excellence.

Global Supplier Quality Director
Daniel Lacko

Global Purchasing Director
Mateusz Rak

Supplier partner acknowledgement and approval of this Global Supplier Quality Manual:

Company name:

Name:

Function:

Signature:

Date:

Property of Plastic Omnium Lighting
LSF-Q-501b Process Template v06

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Introduction

Plastic Omnium Lighting, i.e. Plastic Omnium Lighting (hereinafter jointly referred to as 'POL'), aims to permanently progress and improve each aspect of its supply chain through a strong collaboration with all its suppliers-Distributor (hereinafter referred to as 'Suppliers'), having agreed in advance on responsibilities, and constantly monitoring the fulfillment of its commitments.

By establishing this partnership, both POL and POL suppliers will be able to build a sustainable and profitable growth.

Scope

This manual dedicated to suppliers which are distributors to POL defines the guidelines, requirements and procedures POL is expecting to be strictly applied by suppliers for direct (production) materials.

The current version of IATF 16949, ISO 9001, POL General Terms and Conditions of Purchase, POL Packaging and Labeling Standards, and this document, define the fundamental quality system of POL.

Additional requirements may be provided by POL, as required, based on written agreement between POL and Supplier.

The requirements apply throughout Supplier's entire productive value-stream, including sub-Supplier processes. Suppliers are responsible to cascade all such POL requirements within their entire supply chain.

Any non-compliance with this document shall be concerned as a material breach of Supplier's obligations towards POL and may result, regardless of any other legal sanctions to be adopted, in the loss of existing and/or future businesses (i.e. placing the Supplier on New Business Hold).

References

POL Global Supplier Quality Manual, Plastic Omnium Lighting Global Quality Policy, POL General Terms and Conditions and further information are available on POL Supplier Portal :

https://www.varroclighting.com/suppliers/SitePages/SupplierPortal.aspx

General

As POL is an international company, it is the responsibility of each Supplier to provide documentation and communication in English.

1. About Supplier

Supplier-**Distributor**: Supplier which is mainly providing POL with catalog / standard parts manufactured by an independent producer. Supplier can be requested by POL for some specific documentation when it comes to the original manufacturer.

1.1 Minimum Certification Requirements

Subject to the provision below, Supplier shall be at least ISO 9001 certified (at the latest revision) and is highly recommended to be IATF 16949 certified by an IATF-recognized certification body, carrying the IATF logo and with a dedicated IAFT registration number.

Suppliers are therefore required to have a certified Quality Management System [QMS] and may be requested by Plastic Omnium Lighting ([POL] to provide some specific documentation and justification.

With regards to ISO 9001, Supplier must be certified to ISO 9001 through third-party audits; unless otherwise specified by the customer, Supplier shall demonstrate conformity to ISO 9001 by maintaining a third-party certification bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021.

Suppliers without any certified QMS are required to present a plan to obtain at least ISO 9001 or IATF 16949 certification within one [1] year, supported by an evidence provided by certification body. The manufacturers of the components sold to POL by the distributor, should be at least ISO 9001 certified and are highly recommended be IATF 16949 certified.

Note : VISA (Plastic Omnium Lighting Initial Supplier Assessment) process is not applicable with Supplier-Distributor.

All quality certificates shall be provided in English.

1.2 Supplier Obligations

Supplier is obliged to :

- Comply with all applicable governmental regulations, in addition to statutory requirements governed by law and regulatory requirements related to state, national, or international laws. When different, applicable government regulations refer to those in the country of receipt by POL, country of shipment, the country of sale and the OEM-identified country of destination.
- Comply with POL Sustainability policy and conflict mineral policy (Refer to Supplier Portal).
- Notify POL of any potential or actual non-conformance in Products supplied to Plastic Omnium Lighting that may affect its form, fit, function, quality, reliability, safety, delivery, service or its compliance with regulatory and statutory requirements, within one [1] working day from its detection.
- Meet all commercial, financial, trade and tax requirements of the concerned POL country of receipt.
- Inform POL, should the distributor be subject of any open investigation on environmental offences by any local, national or international agencies.
- Inform POL in case of distributor's financial distress, either potential or actual, which may affect distributor's due performance.
- Provide financial statements in order to evaluate distributor's financial stability, if requested by POL.
- Inform immediately POL (not later than one [1] full business day of occurrence) of any Force Majeure event.
- Comply to the Conflict Minerals policy (Wall Street Reform and Consumer Protection Act) - Information required to report to the SEC if any products contain minerals defined as "Conflict Minerals."
- Any and all communications must be made in English, and the rule is applicable to all documents.
- The supplier is obliged to inform POL about changes in the product (e.g. newer product generation).
- Acknowledge, sign and meet all the criteria defined by this manual

1.3 Supplier Profile

Supplier shall provide POL with all requested company data in order to proceed with supplier set-up in POL system, and supplier should notify POL about any change regarding these data.

In particular, in the event of any change in structure, company name, ownership, or contact person, Supplier must communicate the change(s) to POL Purchasing in a reasonable time frame.

1.4 Supplier Locations Access

Upon a five [5] days prior to POL notice, Supplier shall grant access to its distribution centers and head quarters, to POL employees and POL customer employees if required, for the purpose of evaluating the stock in wharehouses and technical or quality documentation.

In case of crisis or Force Majeure, this prior POL notice time could be reduced to twenty four [24] hours.
POL may, at its own discretion, recourse to independent auditors/contractors for the purpose outlined above.

1.5 Supplier Quality System Certification Status Revocation

Should the Supplier repeatedly underperform, or is found responsible for counterfeit part deliveries, or fail to comply to POL requirement due to product non-conformities, POL may report the situation as a "Significant Quality Event" to relevant certification body, and request the suspension of the quality certification until Supplier implements and demonstrates implementation of effective corrective measures.

1.6 Supplier Contingency Plan (IATF 16949. 6.1.2.3)

Supplier shall develop and deploy a contingency plan covering all identified risks which may potentially disrupt the products delivery to POL plants, and Supplier shall warn POL at the earliest (not later than twenty four [24] hours) in the event of an actual disaster.

The same requirements shall be cascaded by parts manufacturers.

Potential losses caused by Force Majeure cases, including fire, city water, electricity, flood, storm, pandemic, cyber attack, should be prevented by reactive and organizational measures (through a formalized, validated by POL and yearly reviewed contingency plan).

Supplier shall maintain the adequate safety stocks of products at its own cost.

Supplier (at its expense) shall ensure that it has sufficient property and liability insurance which covers and provides the quick replacement of any parts or sub-components purchased by POL. POL may, at its sole discretion, request documental evidence of such insurance.

2. Packaging and Logistics

PACKAGING AND MATERIAL HANDLING:

Supplier shall ensure that the packaging is suitable for the product.
Supplier shall ensure that parts integrity are maintained in their packaging and are sufficiently robust to withstand shipment with arrival to the final point of use without damage.

Labels shall conform to POL Supplier Labeling Standards, should be visible and attached to their packaging units in order to keep full traceability.

POL Packaging Information Collection System (PICS) shall be utilized by the Supplier to obtain the POL approval.

All packaging should also comply with appropriate health and safety, environmental and other legislative requirements.

Supplier is responsible for the serial packaging (formerly approved by POL) so as to fit to all variants and design levels/suffixes of the sourced parts.

For additional details, please refer to: **LSM-SCM-413c Supplier Packaging Standards**

PRODUCT IDENTIFICATION:

Component identification and packaging standard label shall be agreed by POL and its suppliers.
For additional details, please refer to: **LSM-SCM-413a Supplier Labeling Standards**

TRANSPORTATION:

POL standard process is to manage all inbound freight to POL offices, warehouses, and manufacturing locations through POL nominated carriers, in the case where Supplier is responsible for the transport. Shipping Instructions (Routing Instructions) for all serial part shipped to POL locations are provided to all suppliers including, but not limited to, carriers to use, account numbers (if applicable), weight breaks, shipping days, documentation requirements, delivery address, etc…

Any deviation from the routing instructions, without prior approval from the POL receiving facility, may result in delays and chargeback to Supplier. In the case of special transport requirements (for instance paint or chemicals), Supplier shall ensure clear communication of the required inter-storage and transport requirements, prior to shipment.

CUSTOMS and COMPLIANCE:

Supplier is always responsible for providing complete and accurate documentation, supporting documents for preferential duty and/or treatment under the applicable FTA and/or other Government programs.

In addition, Supplier may be asked for Certificate of Origin/Affidavit of Manufacture, Commercial Invoices, Packing List, and Bill of Lading.

The Incoterms applicable rules, as indicated in POL Purchase Order (PO), or other written agreement between POL and the Supplier, should also be referenced on all Commercial Invoices and International shipping documents. Supplier should use the designated POL Broker as instructed.

Supplier is responsible to ensure that each product, or it's container, is marked according to the regulations of the exporting and importing country.

All questions regarding customs and compliance should be addressed to local MP&L specialists.

3. End of Life Vehicles (ELV) / International Material Data System (IMDS) / Banned and Regulated Substances (BRS)

Supplier is required to provide information on the raw materials used in its components supplied to POL facilities.
Supplier shall be versed in and follow regulations including any subsequent update and decision.
Within the next list of regulations and registration systems, those applicable in the country of component production and applicable in the country of delivery should be considered and respected:

- European Directive 2000/53/EC "End of Life Vehicles" about the content of heavy metals (Cadmium (Cd), Chromium VI (Cr VI), Mercury (Hg), Lead (Pb))
- Latest Commission Decision "Amending Annex II of Directive 2000/53/EC"
- European Directive 2003/11/EC "Amending for the 24th time Council Directive 76/769/EEC relating to restrictions on the marketing and use of certain dangerous substances and preparations"
- GADSL reference list ("Global Automotive Declarable Substance List") from which supplied components should be verified
  The GADSL reference list is accessible at: http://www.Gadsl.org
- Information on IMDS (International Material Data System) declaration, whenever the supplied component contains declarable substances included on the GADSL reference list https://www.mdsystem.com
- Commission Decision 2003/138/EC "Establishing component and material coding standards for vehicles pursuant to Directive 2000/53/EC"
- REACH Regulation EC/1907/2006 "Registration, Evaluation, Authorization and restriction of Chemical substances"
  REACH Automotive Industry Guideline available at: http://www.acea.be/reach
  Supplier should provide needed documents to ensure and demonstrate the compliance with every REACH implementation step and related deadline.
  For each supplied component, Supplier should identify the related REACH category (substance, preparation, article) and send the documentation as defined by REACH

- If Supplier Legal Entity is located outside of European Community and Supplier sells substances, preparations or articles to POL premises located in Europe, Supplier should nominate a unique European Representative for registration
- European Directive 1999/5/CE of the "European Parliament and of the Council of 9 March 1999, on radio equipment and telecommunications terminal equipment and the mutual recognition of their conformity"
- Commission Directive 2004/104/EC adapting to technical progress Council Directive 72/245/EEC relating to the radio interference (electromagnetic compatibility) of vehicles and amending Directive 70/156/EEC on the approximation of the laws of the member states relating to the type - approval of motor vehicles and their trailers

Supplier shall ensure that all components and materials supplied to POL comply with current environmental legal requirements and specific End of Life Vehicle (ELV) requirements.
To ensure compliance with the various legal and customer requirements, POL Supplier shall report information on materials within its respective components by submitting relevant data to IMDS data base.

Supplier shall provide evidence of the approved ELV/IMDS data to POL as soon as possible upon award of new business, and in any case, within the PPAP package. Submission and conformity of required ELV/IMDS data is mandatory for final PPAP approval copy of the POL approved IMDS submission along with acceptance status which is to be provided to POL SQD.

Supplier may be required to resubmit the IMDS information based upon change of revision level/suffix, mass, material or substance content.

Plastic Omnium Lighting IMDS ID number is: **123904**.

The Supplier shall fulfil the prohibitions of the GADSL and declare substances used in its products by sending an IMDS material data sheet with respect to the IMDS recommendations of the IMDS Steering Committee published on the EDS internet pages.

Notwithstanding this list, Supplier is required to remain aware of any update or new applicable Directive or Regulation (ROHS evolution, other Directives, etc…).

Supplier shall consider every aspect of the component or assembly or material delivered to POL, and shall also investigate all sub-Supplier components, processes, raw materials, lubricants, coatings, paint and chemical constituents, etc…

It is Supplier's responsibility to ensure that its sub-suppliers report all materials via IMDS database and to collect adequate acceptances.

4. Product Conformance

4.1 Compliance Certification

Upon POL request, Supplier should provide product compliance documentation, and/or compliance to Safety and/or legal requirements.

In specific cases or for a defined purpose, POL may ask for a certificate of conformance, a certificate of analysis and/or a capability report.

These certificates and reports should contain the actual results of physical parts testing and/or measurements.

4.2 Supplier Concern Management

This section outlines Supplier's responsibilities as a result of non-conforming product versus its specifications.

Upon detection by POL of non-conformity, or suspicion of non-conformity in a purchased component, or a delivery issue, POL will alert the Supplier immediately through a Quality Reject (QR) or a Delivery Issue (DI).

Following such notification, the Supplier shall immediately and without undue delay:

1 – Inspect and sort all suspected parts at any defined location (Plastic Omnium Lighting, Supplier, Plastic Omnium Lighting's Customer, parts in transit or other). All costs incurred will be at the Supplier's expense.

2 – Replace those parts with secured batch(es) in the shortest period possible, through the fastest delivery method available, at his own expense, if POL lines risks disruption or interruption due to lack of parts.

3 – organize a third-party sorting at any impacted locations specified by Plastic Omnium Lighting, at the his expenses

4 – Secure its manufacturing process, implementing corrective actions to permanently avoid the problem, addressing the root cause and preventing recurrence.

Hereafter POL requirements in terms of timing and activities which Supplier shall comply with:

- define and put in place the containment actions within twenty four [24] hours.
- identify the root cause(s) and define the corrective action(s) within five [5] working days.
- implement the defined corrective action(s) within ten [10] working days.
- validate the efficiency of corrective action(s) and close the issue within thirty [30] calendar days.

Concern analysis approach concluding on the corrective action plan shall apply the 8D Report or PDCA/FTA standard.

Incident/Concern definition:

a- **Supplier Quality Incident**: quality event caused by one or several non-conform components detected by POL or by Customer, on a specific problem/failure mode of demonstrable Supplier responsibility. It is managed through QR (Quality Reject) in Enterproj system.

b- **Supplier Logistic Incident** : any deviation to POL requirements regarding time, quantity, documentation, packaging or labeling. It is managed through DI (Delivery Issue) in Enterproj system.

c- **Recurrent Incident**: Non-conformity of any of above types detected with the same root cause of an earlier incident deemed closed after implementation of the corrective actions.

POL Quality, Logistics or Purchasing may require its suppliers to implement independent containment activites if the severity of the issue impacts product performance or integrity.

4.3 Liability, penalties and chargeback

Upon establishment of Supplier responsibility on a quality or a delivery concern/ incident, POL will notify the Supplier with an official claim.

Unless its responsibility is waived by facts and evidence, Supplier remains liable for all direct and indirect damages and losses, including lost profits caused by Supplier's non-conformity to contractual requirements, including requirements provided in this document and applicable regulations.

Here below the main activities (non-exhaustive list) for which Supplier will be charged as cost penalties:

- **Supplier Incident / Concern processing:**
  - For failed serial parts detected at POL.
  - For failed serial parts detected at Customer.
  - For failed serial parts detected with recurrence on root cause.
  - For serial parts delivery failure (wrong quantity, wrong components, packaging/labeling issue or time delay related).

  Penaties includes all the real costs of necessary activities induced by the non-compliance of the component or part already delivered by supplier to POL.

- **Supplier failure to respect defined rules and agreed commitments:**

- Supplier introduction of non-authorized change on its product.

Other main causes for Supplier's chargeback (non exhaustive list of activities and direct costs) are in particular:

- Sorting/rework and transport extra activities. Amount defined on the basis of invoices/actual measurement of time spent, related to these activities (including POL, third-parties and Customer invoices).
- Product handling and identification
- POL production line stoppages: all costs induced by line stoppages.
- Customer production line stoppages: all costs, including Customer full rate invoices.
- Late material delivery (logistic concern).
- Premium freights due to Supplier components late delivery or quality or quantity delivery issue.
- Extra costs for sorting/rework at Customer plants (if Supplier component quality is involved).
- Cost for managing/scrapping of finished products (including the value of the finished product itself) impacted by faulty components with Supplier responsibility.
- Cost for rework/replacement of failed Supplier components at customer/OEM car park.
- Missing or improper documentation for delivered parts provided by Supplier (including customs documentation).
- Internal or external laboratory analysis/tests performed to identify the problem on failed parts/components.
- Warranty return and recall campaign - Customer invoice.

For further concerns and costs details, refer to **Appendix #1** (POL reserves the right to update every 2 years). POL notifies Supplier in writing about an update. An update shall enter into force as of the date of notification if Supplier does not submit written objection to such an update within 10 working days from such notification; if such an objection is submitted and accepted by POL- the previous rules remain valid.

4.4 Supplier Monitoring

POL constantly monitors Supplier performance to ensure the continuous conformity to POL and Customer requirements.
Supplier monitoring is performed on a quarterly basis in a form of a Supplier Score Card.
The criteria taken into consideration are : quality, logistic, commercial performance and QMS status.

All translations must be approved by LSM-SCM-417a Document Owner

Process Owner: SUPPLY CHAIN MANAGEMENT

See LSM-Q-501a on the **Plastic Omnium Lighting Integrated Management System (VIMS)** website for Owner's Name and ADID (Active Directory Identification)

Record of Revision

Date	New Revision	Change Description
2022-03-21	01	Initial Release
2022-11-16	02	Global document rebranding and recoding process. A: eP#19615

Appendix #1

Penalties and Charge Back

Supplier Incident / Claim processing (Penalty cost per category of claim)		
	Item	Penalty amount
(a)	Failed serial part(s) detected at POL	300 Euros
(b)	Failed serial part(s) detected at Customer	600 Euros
(c)	Failed serial part(s) detected with recurrent root cause	1000 Euros
(d)	Serial parts delivery failure (wrong quantity, wrong components, packaging issue or time delay related)	300 Euros
(e)	Missing or improper documentation for delivered parts provided by Supplier to POL (including customs documentation)	300 Euros

Supplier failure to respect defined rules and agreed commitments (Administrative cost + other induced costs)		
	Item	Penalty amount
(a)	Supplier have introduced a non-approved modification (by POL) on its process or its product (Other induced costs: stock management, tests, risk assessment study, logistic management…)	2000 Euros + other induced costs

Other (considering supplier responsibility is demonstrated)		
	Item	Penalty amount
(a)	Sorting/Rework and transport extra activities. Amount defined in the basis on invoices / actual measurement of time spent, related to these activities (including POL, third parties and customer invoices)	According to real cost
(b)	POL production line stoppages: all costs induced by line stoppages	According to real cost
(c)	Customer production line stoppages: all costs, including customer full rate invoices	According to real cost
(d)	Premium freights due to Supplier components late delivery or quality or quantity delivery issue	According to real cost
(e)	Extra costs for sorting/rework at customer plants (if supplier component quality is involved)	According to real cost
(f)	Cost of managing/scrapping of finished products (including the value of the finished products itself) impacted by faulty components with Supplier responsibility	According to real cost
(g)	Cost for rework/replacement of failed Supplier components at OEM car park	According to real cost
(h)	Missing or improper documentation for delivered parts provided by Supplier (including customs documentation) with an impact on POL and Customer production	According to real cost
(i)	Internal of external laboratory tests performed to identify the problem on failed parts/components	According to real cost

Warranty		
	Item	Penalty amount
(a)	Warranty return - administrative cost (Analysis, tests, report to Customer…)	1000 Euros
	Warranty return and recall campaign - Customer invoice	According to real cost