

	Suppliers Manual		ID: QM-02
	QM-02		Edition: 06.
			Release date: 2023.02.03
Created by	Dávidné T. Rita	QMS System Manager	
Checked by	Kurilla Tibor	Quality Manager	
Approved by	Fülei Attila	Operative Director	

1. Introduction

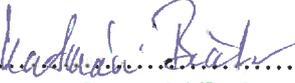
Q-AUTOMOTIVE Kft. is committed to offer outstanding products and service to its customers. In order to do so, it not only operates the Quality Management System by ISO 9001:2015 and IATF 16949, but also utilises the innovative activities and continuously develops its processes to increase customer satisfaction.

We are committed to improving customer satisfaction as well as the “Zero Defect” philosophy. Only this commitment can make successful operation possible in today’s automobile industry.

Our goal is to form a strong supplier relationship with all our partners in order to be able to meet today’s automobile industry’s expectations together with joint strength and knowledge.

We require all our suppliers to comply with our requirements and to also pass it on and demand compliance throughout the whole supply chain.

We expect all our suppliers to understand and apply the requirements contained in this manual.

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 Szatmári Beáta
 IMS Manager

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 Fülei Attila
 Managing Director

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 Supplier
 Quality Manager

.....
 Supplier
 Managing Director

2022-02-03, Kecskemét

2. Vision and mission

To operate such an organization that consequently supports it’s chosen employees, suppliers, recognises their performance and with the by appropriate investments, innovations is a part of today’s automobile industry’s community.

3. Mission

We not only achieve, but surpass our clients’ requirements and expectations:

- the highest quality of products and services,
- providing low cost and high added value solutions,
- continuously improving our operational efficiency
- integrity of our business.

We take care of our most valuable resources and our employees in an environment that:

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- ~~– values all employees and their experience, diversity, and their contribution to creating value,~~
- treats every person with dignity and respect,
- makes reaching full potential possible for everyone,
- incites development proposals and active participation

4. Q-AUTOMOTIVE Kft.'s integrated policies

The primary goal of **Q-AUTOMOTIVE Kft.** is a stable, reliable operation and an established grow, the reaching of complete satisfaction of our customers through adequate plastic industry production, while achieving an optimal profit level. To this end, we organize our activities and services according to standards ISO 9001, ISO 14001, ISO 45001 and IATF 16949 at the Kecskemét, Külső-Szegedi Street 51. H-6000 site of Q-AUTOMOTIVE Kft.

To this end:

- We pay continuous attention for the learning and using of modern professional knowledge, and we provide external resources for the improvement of the expertise, creativity and sense of responsibility of our colleagues.
- In order to satisfy our customers demands, we use modern tools and technologies, and we continuously improve them according to requirements. We monitor the effectiveness of modernization and continuous improvement through the reduction in claim numbers.
- We strive to build a balanced, long term relationship with our customers, suppliers and business partners, we record their opinions, suggestions and we monitor their satisfaction. In order to achieve this, we implement a unified company management system and we get it certified according to the automotive industry.
- The company achieves the process improvements with the usage of the "zero-defect-principle and quality techniques approved in the automotive industry. In order to move forward the continuous improvement, the company leadership defines metrics and goals for processes, which it then evaluates and analyzes.
- Management is committed to the needs of interested parties, to the fulfillment of customer and statutory rules and to the continuous improvement of the effectiveness of the integrated system.
- In order to increase our interested parties' satisfaction, we use a risk-based approach for the analysis of our outer and inner environment and the requirements of our interested parties, and we review the effectiveness of this process in regular intervals.

In order to fulfill our goals, we appointed an integrated manager inside management, who's primary task is the buildup of the system and it's effective operation, it's continuous improvement, furthermore, we state that the management of Q-AUTOMOTIVE KFT. and all of it's employees are responsible for the quality of their own work, for the compliance with the regulations of the integrated system, and for the achievement of the zero-strategy.

All of our colleagues are aware that quality work, and the knowledge and respect of regulations serve the fulfillment of our customer's needs, which at the end strengthens the existential safety of our employees. We improve our work- and health assurance performance, in order to preserve our colleagues' health, and to prevent workplace accidents and hazards.

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We commit to:

- we provide time, training and resources for consultation and participation for our employees
- we continuously improve our OHS performance; we define goals
- we prevent accidents and health damages;
- we identify, evaluate and reduce workplace risk factors;
- we continuously improve our work environment conditions,
- we expand the OHS knowledge of our employees, improve their work culture and make them aware of their OHS responsibilities, provide their participation, and grant them the choosing of a work safety responsible
- we define the company roles, responsibilities, areas of effect
- we grant our employees the opportunity to take part in the investigation of incidents and non-conformities, and in the definition of corrective actions.

We commit our Company on the side of continuous improvement of environmental performance, with the respect of statutory regulations, our compliance obligations and the minimalization of environmental load, the basis of these being the prevention of pollutions. In order to realize the continuous improvement of our environmental performance, in addition to the above we use the best technology available, with consideration to economic verifiability. We minimize the possible damaging effects of our activities to environmental elements - like e.g. air, climate, waste composition

We continuously strive find new partners and to make wide use of our capacities, with the help of market research.

5. Scope of application

The Suppliers Manual concerns those suppliers of Q-AUTOMOTIVE Kft. who provide manufacturing parts or materials, plugin materials, components, or fully assembled products. It does not concern those suppliers who provide machines, tools or equipment for Q-AUTOMOTIVE Kft..

Q-AUTOMOTIVE Kft. expects its suppliers to maintain such a quality system which ensures complete fulfilment of customer requirements and can achieve a zero-defect level.

Compliance with the requirements of this manual is a mandatory condition for having a purchase order. It is the supplier's responsibility to periodically check the manual for updates and obtain updated versions from the Quality Manager.

The requirements contained in this manual must be integrated by the supplier into its own quality management system.

This manual has been developed in order to describe and define Q-AUTOMOTIVE Kft.'s requirements and expectations. This manual summarizes the uniform requirements for the procurement and operation of Q-AUTOMOTIVE Kft.. Our goal is to make a favourable business atmosphere for both Q-AUTOMOTIVE Kft., and its suppliers and customers in such an environment that continuously corrects costs, quality, productivity and last but not least the profitability.

Continuous development can only be reached if the communication is effective, documentation of quality standard certificates and the action plans for successful long-term customer loyalty and satisfaction are available.

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Q-AUTOMOTIVE Kft. expects all its suppliers to comply with the “Zero Defect” principle and that they strive for continuous improvement in quality, innovation, transportation, services, and customer satisfaction.

6. Choosing suppliers

Q-AUTOMOTIVE Kft. chooses and approves its suppliers with a systematic process. Only those suppliers will be approved whom comply with Q-AUTOMOTIVE Kft.’s requirements. During selection, our company assesses the risks of potential suppliers with the help of a questionnaire and a self-audit. The risk level is assessed by a cross-functional team based on the questionnaire.

Q-AUTOMOTIVE Kft. Reserves the right to carry out a review of the supplier's site based on the returned questionnaires in order to minimize potential risks. For this, the company may use external sources. The review is based on the self-audit. The questionnaire will be sent to the supplier by the company's purchasing department or the Quality Manager.

7. Quotation

The trusted partners shall review requirements regarding the quotation – including legal ones, too –, shall review its completeness, non-inconsistency, feasibility – including the capacity analysis, too –, as well as the current technological state.

All the legal requirements regarding product and services shall be communicated by the supplier towards Q-AUTOMOTIVE Kft.’s Project Manager and Quality Manager.

Discrepancies should be reported in writing to procurement, quality management, project management and logistics. In case of any necessary changes or additions, Q-AUTOMOTIVE Kft.’s relevant field of expertise shall be advised prior to bidding (for example requirements regarding the product or the processes) and it shall be documented in writing.

8. Quality framework agreement

Q-AUTOMOTIVE Kft. requires a zero-error strategy from its suppliers. In addition to the contractual regulation of warranty and other liability claims, in case of any errors the supplier shall consult with the customer's area of quality assurance in writing for a quality development program.

The supplier is responsible for the quality of the supplied goods, all the while they manage and coordinate the sub-suppliers in the supply chain. The supplier should ensure, through appropriate regulation, that the valid documentation required by the customer is taken into account by the sub-suppliers in the supply chain.

In the case where a direct sub-supplier of goods in the manufacturing and supply chain requires a sub-supplier - ie a supplier designated by the customer - the parties concerned should enter into a quality framework agreement. The supplier is fully responsible for the quality delivered by the direct supplier. Inasmuch the supplier gets downgraded by the customer during the series production – CSL1, CSL2, NBH, C status – Q-AUTOMOTIVE Kft.’s purchasing department must make an immediate development program with the supplier. The supplier shall notify the certification body within 5 business days about the customer downgrading, except in case of a CSL1. If the supplier cannot resolve the negative status within 6 months, they may not receive a new business. In case of a customer downgrading, the supplier shall implement an immediate “firewall” (200% inspection), the result of which shall be shown on a graphical error card, and shall be documented in a way that it’s traceable and identifiable for and to each shift.

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9. Supplier relations

Q-AUTOMOTIVE Kft. expects its suppliers and partners to hand in the following contact information for those responsible (name, post, e-mail, mobile number) in writing:

- quality
- transportation
- acquisition
- product safety

Q-AUTOMOTIVE Kft. may request the qualification certificate of the product safety person at any time, or during an on-site audit.

10. Assessment of supplier's quality management system

Before issuing a supplier assignment, Q-AUTOMOTIVE Kft. evaluates the supplier's quality performance. In case that there is no quality performance rating for the supplier, Q-AUTOMOTIVE Kft. will conduct a process capability assessment at the supplier's site. Inasmuch the result of the assessment is negative in more cases, the supplier will be rejected.

The supplier shall notify the certification body within 5 business days if they get a negative classification – "C". By submitting an offer, the external partner must acknowledge – without limitation – the "Customer specific requirements", statutory and legal requirements stated and referred to in this document.

11. Supplier performance evaluation

The evaluation of the performance of the supplier during the project phase and the series production phase are based on values such as the quality of delivery / supply, the approval of the product and production, keeping deadlines, as well as operational complaints, additional, unnecessary freights ("0 km loss"), supplier audit results.

Deviation from quality requirements may lead to being included in the "Critical Supplier" program and also getting a "C" category classification.

During the offer phase, the Purchasing Department shall send a "Supplier Questionnaire" and a "Supplier Self-evaluating Questionnaire" to its partners which are the basis for the approval of the order. The completed questionnaires shall be sent back to the Purchasing Department within 3-5 business days.

Based on the evaluation of the questionnaire, the customer reserves the right to review the performance of the vendor management system at the external partner site.

Prior to awarding the assignment, the project proposal will go through a Q-AUTOMOTIVE Kft. specific and technological revision. The customer carries out the evaluation in the framework of a joint negotiation of procurement, logistics and quality assurance, usually with the involvement of the supplier.

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12. Supplier management system requirements

The suppliers shall at least be ISO 9001:2015 or IATF 16949:2016 certified. The valid certificate shall be forwarded to the Purchasing or/and Quality Department of Q-AUTOMOTIVE Kft..

(IATF-MAQMSR) Those suppliers whom are only ISO 9001 certified and supply plugin components or perform services for automotive products shall hand in a schedule for reaching the minimum of automotive requirements (IATF-MAQMSR).

Changes made to the certificate shall be notified in writing to the Purchasing Department.

The following can be stated as change:

- initial certification
- recertification
- certification change
- deleting the certificate without replacement
- revocation of the certificate

Q-AUTOMOTIVE Kft. reserves the right to review the operation of the supplier's management system.

13. Customer specific requirements for Q-AUTOMOTIVE Kft.:

- ISO9001:2015 quality management systems and requirements;
- IATF manual – minimal automotive quality management system requirements for sub-suppliers (MAQMSR);
- IATF16949:2016 fundamental quality management system requirements in the automotive industry and the service organizations involved;
- AIAG manual: FMEA- potential root cause (cause of failure) and impact analysis;
- AIAG manual: MSA- measuring system analysis;
- AIAG manual: Statistical regulation (Q-AUTOMOTIVE Kft. C);
- AIAG manual: APQP;
- AIAG manual: PPAP;
- VDA manual: VDA2- ensuring the quality of the suppliers, production process and product approval (PPF);
- VDA manual: VDA6.3 – process audit
- VDA manual: VDA6.5- product audit
- VDA manual: VDA1 – handling of documents and information
- VDA Product integrity (product safety, product liability)
- MMOG/LE Proof of compliance of logistics processes

14. Q-AUTOMOTIVE Kft.'s requirements for special processes:

Those suppliers who carry out casting, welding, soldering, plastic injection moulding, surface treatment, heat treatment, and coating for the customer must use the following AIAG volumes:

- CQI-9 special process: heat treatment System Assessment
- CQI-11 special process: electroplating System Assessment
- CQI-12 special process: Coating System Assessment

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- CQI-14: Automotive Warranty Management
- ~~CQI-15 special process: evaluation of welding system~~
- CQI-17 special process: evaluation of soldering system
- CQI-19: The process of sub-supplier management
- CQI-23: special process: Evaluation of a plastic injection moulding system
- CQI-27: special process: Casting System Assessment

Q-AUTOMOTIVE Kft. self-audits of special processes must be performed at least once a year by the suppliers and forwarded – including the formulated corrective measures – to the customer's Quality Manager without any request.

Any further Q-AUTOMOTIVE Kft. specific product quality requirements can be found on drawings, in technical regulations, or in orders that were sent by Q-AUTOMOTIVE Kft..

15. Compliance with legal requirements

Suppliers must comply with the prevailing environmental regulations. Suppliers must comply with all obligations such as restrictions and bans on substances and other legal requirements, such as the following:

- 1907/2006 EK decree
- restriction of chemicals REACH
- 528/2012 EU decree
- 850/2004 EK decree
- Directive 2000/53/EC
- End of life Vehicles (ELV)
- Conflict minerals
- General product safety policy 2001/95/EK
- Product liability law PTK LXXII. Chapter, 1993.X.tv.
- Consumer Protection Act 1997.CLV tv.

It is the supplier's responsibility to collect and confirm the availability and the compliance to prevailing regulations of legal regulations related to the supplied product or material towards the customer.

16. Suppliers responsibility

Every current and potential supplier is responsible for the quality of the goods delivered by them. The ability to reach the appropriate quality is a company-wide activity, which concerns all the functions in the supplier's organization. The requirement is that the supplier builds and keeps up their own quality management system in such way that it meets the product's designing, developing, manufacturing and testing regulations. The suppliers are responsible for ensuring that their own sub-suppliers, service providers (subcontractors) meet the requirements defined in this manual.

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17. Confidentiality, NDA (Nondisclosure agreement)

Q-AUTOMOTIVE Kft. may require the sharing of sensitive information, communications, data or technology in order to maintain a supplier customer relationship. Prior to obtaining the assignment, the supplier must sign a **confidentiality agreement** (NDA), and send it back to the customer. The supplier is obliged to keep all the data and information related to Q-AUTOMOTIVE Kft.'s business relation with strictly confidential and report any intentional or unintentional breach of confidentiality to the customer's management. The confidentiality agreement is sent to the supplier by the customer.

18. New product launch program

During the launch of a new product the supplier must use the AIAG:APQP manual, unless otherwise instructed by the customer.

19. Q-AUTOMOTIVE Kft. specification meeting

Prior to introducing any new project, the supplier shall initiate a "Q-AUTOMOTIVE Kft. specification meeting", during which the supplier has a chance to clarify technical and quality requirements, special characteristics and the documents supporting these, the instructions as to how to preserve documents, submission levels and records required for sampling, other verifications, and validation requirements.

20. The process of submitting the first sample

The sampling shall be done based on VDA2 "Production Process and Product Approval" according to the level specified by the customer. In case that the customer did not specify a level, the first sample and corresponding documents shall be handed in based on "Level 2".

The report of the first handed in sample shall include the IMDS (International Material Data System) registration number and has to be accessible for the customer through the IMDS system.

Prior to the beginning of the sampling the supplier is responsible for initiating a "Sampling Consultation" where they can agree with the customer about the required level, documents and tests.

During the preparation for the qualification and sampling, the direct supplier is responsible for the coordination of quality requirements, conciliation, evaluation of the supplied goods (ie.: density, colour, sizes, functional safety, electronic evaluation, etc). The direct supplier shall use testing and measuring instruments capable of reviewing and assuring the quality requirements. Hereinafter, this applies to meeting the quality requirements during the series production as well. The full approval of the first sample is done by the customer.

Following the approval of the first sample, the customer commits itself, in consultation with the customer's Quality Management, to do a tool-data-backtrack in order to ensure the quality of the products in case of tool-duplicating.

The series production can only be started after an approved first sample. In case of a "conditional approval", the supplier shall ask for a deviation permit from the customer's Project Manager. The QF-T3-05 deviation permit format shall be requested from the customer's Purchasing Department.

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21. Product drawing and handling of Q-AUTOMOTIVE Kft. specifications

Every supplier must update and organize every drawing, specification received from Q-AUTOMOTIVE Kft. in case of a product manufactured by them. The hereby interpreted specifications are the following:

- Drawings
- Material impositions
- Technical impositions
- Special characteristics

22. Process and organizational changes

The supplier must notify the customer about pending, essential changes in their system (ERP / MRP), ownership, management, or management structure.

The supplier shall notify the Quality Manager or the Purchaser if these changes are in progress. In this case, the QF-F1-04-Change_permission format shall be requested, filled, and sent back to the Purchase Department and Quality Management 10 weeks prior to the change happening.

23. Approval of changes

a) Product changes initiated by Q-AUTOMOTIVE Kft.

The Project Manager shall communicate in writing every drawing, material and any other specification changes initiated by Q-AUTOMOTIVE Kft. to the supplier. Suppliers are required to provide feedback on any cost, delivery time, tooling, quality, or any other changes that may have occurred as a result of the changes made.

Every feedback is revised, and after approval Q-AUTOMOTIVE Kft. will send the valid product documentations to the supplier. After receiving the approved product documentations and offer, the supplier shall introduce the changes according to the VD2 "Production process and production approval" volume. Until the customer has not approved it in writing, the supplier cannot make any changes to the product or the production.

b) Changes initiated by the supplier

Q-AUTOMOTIVE Kft. requires that the supplier cannot make any changes to the product or the production process until they have received a written permission to do so.

In case of any change initiated by the supplier (product, production process, material, own suppliers or subcontracts, plant, machine, tool, checking method etc.) they must notify the Project Manager or Quality Manager of Q-AUTOMOTIVE Kft. in order to get approval of the proposed change.

In this case, the QF-F1-04-Approval_of_change form shall be requested, filled, and sent back to the Purchasing Department or the Quality Management 10 weeks prior to the change.

The changes shall be made according to the VDA 2 "Production process and product approval" volume.

The supplier is required to document and trace any and all changes implemented or made regarding the project. The supplier is responsible for any damage and expense related to any unauthorized implementation of changes.

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The supplier in this case:

- ~~– Formally notifies the supplier's third-party certification body that the supplier does not follow the quality system or customer requirements.~~
- The supplier must complete an action plan and put effective measures in place to prevent recurrence.
- The supplier shall not be given new business.

24. Process capability

Process capability evaluates the quality of a product made in a process in accordance with the specifications of Q-AUTOMOTIVE Kft.

The rating and implementation of the actual process capability shall be done according to AIAG SPC Manual (see IATF 16949 9.1.1.1 chapter; VDA 2 volumes, and AIAG PPAP manual).

In order to determine capability indices, the range of specific characteristics to be measured must be recorded in the list of distinguished features, the product and process FMEA, and in the regulatory plan. These documents are available for inspection to the customer at any time.

The supplier shall determine the critical attributive characteristics (that leads to critical / significant errors, ie.: based on FMEA) and shall be reconciled and communicated towards the customer's Quality Management. In order to reach quality requirements, all cases of identified process and product risk, based on the current state of the technology, at least one method shall be used (eg. Poke-yoke, Andon, error proof etc.).

The supplier is responsible for recording, regulating and monitoring all "to be reported" and "to be recorded" functional dimensions in the regulatory plan.

Regulating functional sizes is a crucial constituent element of process capability. The supplier shall provide measurement data related to the established functional dimensions at the request of the customer.

The supplier shall be able to present a risk management-based tool management system, as well as a planned, preventive, regular maintenance and TPM system for maintaining equipment and tools. Maintenance and modification of tools shall be documented. Loss or disrepair of a tool shall immediately be reported to the customer.

Regular calibration of all of the used measuring systems shall be certified. This also applies to those built-in, process integrated measuring systems and software, too, which are used for process controlling.

The regulations of customers' of Q-AUTOMOTIVE Kft. is ensuring the $P_{PK} \geq 1,67$, $C_{pk} \geq 1,33$ quality capability, which also applies to the suppliers of Q-AUTOMOTIVE Kft..

In case that the $P_{PK} \geq 1,67$, $C_{pk} \geq 1,33$ is not met, then measures shall be made in order to improve process capability, which shall be approved by the customer and until the demonstration of the effectiveness of the implemented measures, 100% controlling shall be implemented.

25. Q-AUTOMOTIVE Kft. special labels

The supplier shall use and indicate the special symbols used by Q-AUTOMOTIVE Kft. on documents, unless otherwise agreed upon with the customer.

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26. Aftermarket components' requirements

The aftermarket products must comply with the originals' requirements. This includes the following:

- the APQP requirements,
- PPAP/VDA 2 volumes' requirements for new or modified products,
- change of the production process,
- requirements for safety products,
- responding to requests for corrective measures.

27. Product safety, product responsibility

In case of use of purchased products, the final customer bears the final manufacturing responsibility and the responsibility for the final product, ie the responsibility for the car.

The primary responsibility for the built-in purchased product that's built into the final product rests with the supplier, and, where applicable, the sub-supplier.

Therefore, the supplier shall take all possible organizational and technical measures to ensure product safety of his own products and those of his sub-suppliers and to minimize the risks of product liability.

The supplier ensures and obliges its sub-suppliers to the following:

- all employees should have a strong sense of quality,
- guarantee the necessary product safety regulations during the development of products, components,
- during quality planning, pay close attention to product safety regulations,
- gather all actual legal regulations related to the product – including safety, recycling, destruction, identification etc. regulations – and notify the customer about these regulations,
- highlight distinctive features relevant to safety, usage and operation and notify the customer about these features,
- ensure and document the quality capability of the production processes,
- minimize the probability of defective products by using appropriate quality assurance measures for series production,
- ensure timely detection of defective products in the manufacturing process by appropriate measures (cost minimization),
- monitor market information and recalls, and take the appropriate actions,
- quality records and legally required verification tests are documented in detail to demonstrate that products are being manufactured in accordance with the law and safety standards,
- implement a traceability system in order to limit the effects of the errors that may occur,
- analyse the risks of the traceability system and the documentation of it for employees and customers depending on the seriousness of the risks on the users, including externally sourced products' safety and legal regulations, too,
- carry out in-depth information and education for responsible personnel on product safety and product liability,
- appoint an on-site product safety representative for each level of the supply chain,
- conduct regular safety audits to verify compliance with legal requirements

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28. Identification, traceability

The supplier must use such an identifying and traceability system that is able to connect the production volume with the production processes and the manufacturing data generated there in order to support root-cause analysis.

The tracing and controlling of batches shall be well founded in order to lower the probability of recall or its occurrence, impact or effect.

During batch control the system shall establish a one-to-one connection between the batch's tracking number – which is not equal to its serial number – and a certain amount of manufactured product.

29. Identifying and dealing with problems

The customer uses a comprehensive problem management method to address the problems that may occur. The supplier shall remedy the deficiencies systematically, as quickly as possible with the usage of prevailing regulations and the durability of its measures shall be proven to the customer's Quality Management. *The supplier complaint is communicated by QAUTOMOTIVE Kft to the supplier on the QF-T3-110_Shipping complaint form.*

In case that the supplier delivered defective parts for the customer, the supplier shall immediately notify the customer in writing and begin to identify and isolate defective parts. Further actions shall be reconciled with the customer. The customer shall be notified about the immediate actions within 24 hours. The supplier shall use an 8D problem-solving method for the analysis of the occurrence of the problem(s).

Production and quality planning documents related to errors occurring within the framework of the 8D must be revised.

In case of a complaint, the supplier must hand in the 8D report along with the efficiency test to the customer's Quality Management within 10 business days. *Within 15 working days, supplier must submit the closed 8D along with the proof of the efficiency test.* The customer has the right to revise the implemented measures in the form of a process audit or other actions at any time. In case that the lead-time for the 8D cannot be met, the supplier shall reconcile a new deadline with the customer.

a) Reworking and repairing

The supplier shall analyse the risks of reworking or repairing and must obtain written approval from the buyer before starting to do the repairs or reworks.

b) Management of complaints, getting early warning information about new and previously unknown product issues:

– Supplier based problems:

In case that there are significant discrepancies in the supplier's products' fault indicators (eg. Waste and rework data), the supplier must immediately notify the customer's Quality Management. The same applies if the defect occurs at the supplier's similar products.

– Problems caused for the customer by the supplier:

The supplier must immediately process the information given by the customer in order to prevent defective products getting to the customer. Related to this, the supplier must pay close attention as

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well as evaluate the information related to quality that indicates PPM value problems and problems occurring in the plant. The customer's Quality Management shall be informed about the results.

– **Problems arising from operation:**

In order to timely discover problems arising during the operation, the supplier must continuously pay close attention to the concurrency's and its own products' market information in the appropriate early error detection systems (monitoring official portals, product recall information). In case of launching a new product and 100% reporting obligations for defective products coming from observed market information, the supplier must follow the on-site troubleshooting all the way through.

Analysis results and corrective actions regarding purchased products that are defective during operation must be communicated to the customer without delay. Substantively, the analyses shall be in accordance with at least the "VDA Inspection of malfunctioning parts during operation" volume, ie "Schadteilanalyse Feld". The customer may specify different, alternative or further analyses.

– **Obligation of own operational observation**

The supplier, due to its obligation to monitor, is responsible for closely monitoring their own product placed on the market and they shall inform the customer of the knowledge thus obtained which is relevant to the customer. In case of a significant surge in the amount of shipping drawdowns (eg. increased (spare) part need) the supplier must notify the customer.

30. Request for deviation from Q-AUTOMOTIVE Kft. specifications

In case that the supplier would like to ask for such a request that does not meet the requirements of Q-AUTOMOTIVE Kft., the supplier shall notify Q-AUTOMOTIVE Kft. and ask for approval. The request shall be approved by the customer prior to shipping. The request shall be requested from the customer's Quality Management and submitted to the customer's Quality Manager and Purchasing Department.

The packaging of each consignment under derogation shall be marked externally.

- Every label must contain the deviation permit's number.
- The customer's logistics and quality manager shall be informed of the first shipment of the product under deviation (date of shipment, shipment bill number, item / ID numbers).
- Upon arrival, the customer may have the consignment undergo further inspections.
- The supplier must fill an 8D report for the deviation.

Prior to expiry of the permit, the supplier must ensure that the customer has gotten a product that complies with Q-AUTOMOTIVE Kft. specifications. The supplier must keep records of the deviation permits and the delivery time for an impeccable product.

31. Customer complaints

In the event of any quality problems with the product supplied by the supplier, further handling of the products shall be done according to a mutual agreement.

Options:

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- The shipment will be sent back to the supplier
- ~~- The shipment will be blocked for sorting and/or rework by the supplier at Q-AUTOMOTIVE Kft.~~
- The shipment will be blocked for sorting and/or rework by the supplier at Q-AUTOMOTIVE Kft. or a service provider commissioned by Q-AUTOMOTIVE Kft.

In case that the product supplied by the supplier is inadequate, Q-AUTOMOTIVE Kft. shall, in any event, reimburse the supplier for any additional expenses as per the terms set in the contract. The costs in question include sorting, reworking, downtime, extra shipping and third-party-product checking, and other ancillary costs due to the supplier's fault.

32. Alternatives to financial settlement of complaints:

- A credit note for the supplier-approved quantity of the complained quantity shall be requested with an immediate payment deadline or one that is not later than the payment deadline for the supplied defective products’.
- The costs of the complained quantity and the corresponding expenses will be billed to the supplier.

Q-AUTOMOTIVE Kft. has defined the supplier complaint expenses as per the following table, and will bill automatically in case of a complaint: (the following form should be easily accessible: QM-02_M1_Advertising Costs)

Item	Charge (EUR)	Minimum time-interval
Administrative costs	100/occasion	-
Controlling costs	100/occasion	-
Engineer costs	50/person/h	0,5h
Laboratory costs	80/h	1 h
Sorting costs	15/person/h	0,5h
Material handling costs	30/h	0,5h

33. Internal audits

The production processes concerning Q-AUTOMOTIVE Kft. must be revised by the supplier at least once a year according to “VDA 6.3 Process Audit”, and the report of said revision, along with the correctional measures, must be forwarded to the customer’s Quality Management *in the event that Q-Automotive Ltd. requests it.*

The customer reserves the right to review the result of the revision at the supplier’s plant. In case that the rating of the audit performed by the customer does not equal to the rating of the audit performed by the supplier, all audit costs, including overheads, shall be borne by the supplier.

All audits performed for products for automotive parts for Q-AUTOMOTIVE Kft. shall be done at least once a year and according to VDA 6.5 requirements.

The auditors shall be qualified and knowledgeable of automotive techniques and customer, regulatory requirements. The auditors shall be regularly certificated or shall be certificated by a highly qualified auditor.

The supplier may commission an external auditor for performing the audits and the certification of auditors.

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34. Requalification examination

The complete ranging and functionality test of products shall be done once a year by the supplier. In case of materials (granules, varnishes, paints, dyes, etc.) every 3 years the material test shall be certified by an external accredited laboratory in accordance with the technical data sheet. At the customer's request, the result shall be handed in. The revision's frequency, method and executor shall be specified in the regulatory plan.

35. Inventory control

The supplier shall create such an inventory control system that is capable of identifying and checking obsolete materials so that it stops accidental shipping to Q-AUTOMOTIVE Kft. from happening. The FIFO shall be applied to checking and reworking / repairing and other inspection activities and off-site (subcontracting) processes as well. The preservation and storage requirements of stocks shall be regularly and certifiably checked.

36. Packaging requirements

Q-AUTOMOTIVE Kft. and the supplier shall jointly agree upon a packaging to be used, based on the following requirements:

Every package must be labelled and the label must contain the following information:

- Q-AUTOMOTIVE Kft.'s drawing number along with the drawing change number and the product's name
- Quantity
- Supplier's name
- The ID and date of shipment
- Delivery unit batch number

The supplier must ensure and regularly review the preservation of the products and materials.

37. Certificate of Quality Assurance

For every homogenous shipment (delivery unit) the supplier must hand in a quality assurance certificate (self-certification).

The quality assurance certificate must contain:

- the denomination and (drawing) number of the supplied material/part,
- the quantity,
- the date,
- the date of production and lot number,
- if applicable, the expiration date, if not, then a statement to that effect,
- the minutes of the inspected parameters and measured values,
- the minutes of measured values based on the drawing's dimensions,
- the statement of appropriateness in case of visual inspections,
- the signature of the person responsible for the release of the product.

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In every case of new or modified product, technology or proceedings the technical datasheet and REACH statement related to the materials sent in by the supplier must be handed in. The composition of materials must comply with the legal requirements for prohibited substances.

In case that the shipment does not come with a quality assurance certificate, Q-AUTOMOTIVE Kft. will notify the supplier about the lack of this document, and expects the supplier to additionally send it via e-mail. The lack of reaction after the notice may result in a complaint.

38. Customer audit

The customer does the process audit of the supplier at the supplier's plant according to the risk assessment of the supplier. This method redounds the development of the supplier's management system and the production process. The audit is a 2-day assessment of the supplier's production and production supporting processes and it shall be performed according VDA 6.3.

Q-AUTOMOTIVE Kft. may commission an external auditor for the supplier's audit.

The supplier is obliged for revising their sub-suppliers' production processes according to this method. The supplier may commission external auditors for the revision of their sub-suppliers' and the development of their management system (MAQMSR).

Q-AUTOMOTIVE Kft. required their supplier's sub-suppliers to be certified according to ISO 9001:2015 by a third party.

Suppliers are fully responsible for the quality assurance and corrective actions taken by their sub-suppliers for products they supply for Q-AUTOMOTIVE Kft.

Besides the cases mentioned above, a process audit according to VDA 6.3 could take place in cases mentioned below:

- At the launch of a new product/process or significant change in the current process,
- Inadequate performance (quality, shipping),
- Relocation of production,
- In case of a critical product,
- As a part of the developmental program of the supplier
- In case of getting into the critical supplier program

Within 14 days of receipt of the audit report, the supplier is obliged to state the reasons the corrective measures and hand that in to the customer for approval.

After approval, the effectiveness of the corrective measures must be proven within 10 weeks. In case that the result of the audit is a "B" or a "C" classification, the customer can repeat the audit after the imposition of the measures. The customer must consult with the supplier at least 1 month prior to performing the audit.

39. Critical supplier program

The suppliers can get into the "Critical Suppliers Program" because of quality or shipping problems. Getting into the "Critical Suppliers Program" can lead to receiving a "C" classification.

The supplier must consult with the customer about the necessary measures.

The supplier must set up an immediate firewall and document the results in an identifiable and traceable way.

In this case, the supplier is required to contact the customer within 24 hours:

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- Analyse the current, existing situation in detail.
- ~~Formulate detailed, measurable actions in order to reduce risks.~~
- Report to the customer about the cause of the problem arising at the customer's plant and the measures that shall be taken in order to reduce the risks of them, as well as the measures and deadlines to prevent future recurrence.
- Keep track of the implemented measures and prove their effectiveness.

The supplier can only get out of the "Critical Suppliers Program" if they are able to supply without any errors for at least 6 months.

The customer reserves the right to perform a customer audit at the supplier's plant in order to analyse and reduce risks.

40. Retention period of documentation and formats

Every document related to products which are needed for shipping shall be provided by Q-AUTOMOTIVE Kft.'s Quality Management for the suppliers.

These documents are the following:

- Drawings,
- Specifications and regulations sent by Q-AUTOMOTIVE KFT.,
- special product and process characteristics
- Regulatory, legal requirements

Preservation deadlines

The supplier is obliged to preserve the following documents for the whole lifetime + customer service + traceable for 1 year:

Records proving the products' quality.

Product specific documents, including APQP/PPAP/VDA 2 documents, too.

- Records of product approval (including internal approvals: related records for testing/measuring equipment, or approved test data),
- tooling records (including maintenance and ownership), the product and process planning records,
- purchase orders (if any) or contracts and their additions.

The preservation of records related to distinctive characteristics is 20 years.

Other instructions, records, minutes of audits shall be preserved for 6 years.

At archiving times, the supplier must take the current legal regulations into account.

41. Measuring supplier performance

According to the proceedings of Q-AUTOMOTIVE KFT., the evaluation of the suppliers happens annually based on the previous period's performance.

During rating, the following viewpoints shall be taken into account:

- The quality level that has been agreed upon (300PPM, if not agreed otherwise in an individual agreement)
- Number of complaints
- Cases of recurrent complaints
- Cases of fouling, disruptions occurring at Q-AUTOMOTIVE KFT.'S and its customers

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- Shipping precision (premium freight)
- Results of supplier audits
- Supplier certificates
- Cases of downgrading

The supplier performance is rated as per the current month's performance:

Rating viewpoint	Expected level	Score
The level of quality agreed upon (PPM) (actual PPM-goal PPM/10)		
Number of complaints		30
Cases of recurrent complaints		60
Cases of fouling, disruptions occurring at Q-AUTOMOTIVE KFT.'S and its customers		10 / occasion
Shipping precision -a delay between 1 and 3 days should not be indicated as a late delivery -a deviation above 4 days should be indicated as a late delivery -if the delay threatens delivery, then it should be registered as a late delivery.	100 % - 98 % 97,99 % - 96% 95,99% - 94 % 93,99% -	0 15 30 60
Premium freight	0	10 / occasion
Results of supplier audits	A B C	0 point 5 point 10 point
Supplier certificates	IATF 16949:2016 and ISO 14001:2015	0
	only IATF 16949:2016	1
	ISO 9001:2015 and ISO 14001:2015	3
	only ISO 9001:2015	5
	None	10
Cases of downgrading	0	10 / occasion

According to the abovementioned viewpoints, the rating can be the following:

Monthly rating of the supplier based on penalty points	Score	Total number of penalty points
	A	0-29
	B	30-99
	C	>100

The suppliers are annually notified of the results of the rating. In every case, the supplier must work out an action plane, in case of a "B" and "C" status, the supplier must hand in the action plan to the

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customer, and every 2 weeks, the supplier must notify the customer in writing about the traceability and the fulfilment of the measures taken. ~~If the supplier has a C status for 3 consecutive months, Q-AUTOMOTIVE Ltd. may plan a supplier audit at the supplier~~

Goal: reaching “A” level

Requirements for reaching the “A” supplier level:

- Approved as a Q-AUTOMOTIVE Kft. supplier for at least 12 months,
- PPM performance is better than the set goal,
- IATF16949 certified or the VDA 6.3 process audit result is higher than 92%,
- No production loss in the last 12 months due to the supplier's fault,
- PPAP handed in at the appropriate time and approved at the first time,
- Continuous competitive price,
- Short deadlines and quick reaction to any problem solving,
- Demonstrated capability to engage in technical cooperation with the customer (for cost reduction or product development purposes)

42. Q-AUTOMOTIVE Kft. specific requirements for ISO 9001:2015 standard requirements

4.1. Understanding the environment of the organization

Understanding of the organization itself and its environment shall be documented and verified.

4.2. Understanding the requirements and needs of interested parties

The understanding of interested parties must be documented.

4.3. IMS scope of application

No specific requirement.

4.4 Processes of the Quality Management System

No specific requirement.

5.1. Management engagement and commitment

No specific requirement.

5.1.2 Customer orientation

No specific requirement.

5.2. Policy

No specific requirement.

5.3. Organizational roles, responsibilities and authority

The organization must keep and maintain records. The organization’s management must nominate at least one customer service, quality, logistics and technical manager. The customer representatives are responsible for complying with customer regulations as well as implementing and sustaining them.

6.1. Risk and opportunity measurements

The risks and opportunities must be documented. The organization must have a risk-based approach to defining an emergency plan to dealing with unforeseen events.

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6.2. Setting and reaching quality goals

No specific requirement.

6.3. Planning changes

No specific requirement.

7.1.1 General guidelines

The requirements shall be applied to every employee, including leased employees, too.

7.1.2 Employees

No specific requirement.

7.1.3 Infrastructure

No specific requirement.

7.1.4 Operating environment

Orderliness, cleanliness and transparency shall be regularly documented.

7.1.6. Organizational knowledge

No specific requirement.

7.2. Preparedness

Regulations must be applied in order that every person who affects quality is well trained, including leased / external employees, too. At every plant there has to be a sufficient number of trained employees who are capable of operating the computer applications, too (managing customer portals).

7.3. Consciousness

No specific requirement.

7.4. Communication

No specific requirement.

7.5. Documented information

The supplier must work out a specific document related to classification and / or environmental and production processes which clearly define who has to do what and how, and what kind of characteristics must be checked and approved. The criteria for approval must be defined. The documents must be preserved for at least 20 years. The internal audit and management review documents must be preserved for 6 years.

8.1 Operational planning and supervision

No specific requirement.

8.2 Defining requirements regarding the product and the services

No specific requirement.

8.3 Planning and developing products and services

APQP and PPAP/VDA 2 requirements must be applied

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8.4.1. Products and services provided by external sources

The suppliers (“sub-suppliers) of the organization in respect of the organization:

In every case that a supplier has a low-risk rating, an on-site process audit (or one equal to that) and a production CP revision shall be performed.

The development and maintenance of the list of approved suppliers equally applies to every component, material, goods, technology or purchased service, too.

A documented process shall exist for choosing a supplier and the qualification of employees.

The suppliers shall be audited and developed according to their risk level.

8.4.2 Type and extent of supervision

The organization shall upload the data to the IMDS portal. The organization is responsible for the adequacy of said data uploaded by the suppliers.

The suppliers must have proof of the development of their QMS system.

The criteria for designating “exempted suppliers”

- Criteria for granting exemptions to suppliers to comply with ISO 9001 or IATF 16949

Documents of 2nd party audits

- Identifying the supplier’s auditors,
- Scheduling supplier audits,
 - o Registries checked by the organization,
 - o Monitoring processes.

The organization must pass on, apply/get applied the Q-AUTOMOTIVE Kft. quality planning, process planning (APQP/PPAP/VDA 2 etc.) requirements, including those described in Q-AUTOMOTIVE Kft.’s suppliers for the whole supplier chain.

8.4.3 Information for external providers

No specific requirement.

8.5.3. Property of customers or external providers

No specific requirement.

8.5.5. Post-delivery activities

No specific requirement.

8.5.6. Change management

VDA 2 requirements must be applied.

9.1.1. General specifications

No specific requirement.

9.1.3. Analysis and evaluation

Customer satisfaction shall be paid close attention to and in case of any deviations, effective measures shall be taken. The measures shall be approved by the customer.

9.2 Internal audit

The organization must perform scheduled system, process and product audits.

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9.3.2. Management review

Periodically, customer satisfaction, downgrades and the effectiveness of the measures taken must be analysed and evaluated.

10.2 Non-compliance and corrective measurement

Non-compliances shall be analysed and the method of effectiveness study shall be defined and proven. A problem-solving method shall be defined in writing for the analysis of non-compliances (possible in form of 8D). In case of any non-compliances the risk assessment and the regulatory plan shall be reviewed. Based on the risk assessment, depending on the seriousness of the fault, fault avoidance methods shall be applied. The market information shall be documented and evaluated and shall be attached back into the management system.

10.3 Continuous development

No specific requirement.

A Q-AUTOMOTIVE Kft's list of contact persons:

Name	Themes	Post	Mobile	E-mail
Attila Fülei	Questions regarding product safety	Operative Director	+36-30-906-1851	attila.fulei@qautomotive.hu
Tibor Kurilla	Questions regarding new projects, changes, sampling	Project Manager	+36-30-436-8812	tibor.kurilla@qautomotive.hu
Kis-Prumik János	Questions regarding shipping, logistical problems	Logistics Manager	+36-30 237 6338	janos.kisprumik@qautomotive.hu
Szatmári Beáta	Questions regarding quality, complaints, supplier audits, supplier development	Quality Manager	+36-30-439-5662	beata.szatmari@qautomotive.hu
Kis-Prumik János	Questions regarding acquisition, certification of incoming materials, legal compliance, customer requirements, distinctive features	Purchasing Manager	+36-30 237 6338	janos.kisprumik@qautomotive.hu

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Annexes:

QM-02_M1_Charge of complaint costs
 QF-F3-05_Supplier questionnaire

Following change:

Version	Data:	Name of change	Made by
01	2019.04.04	First edition according to IATF	Dávidné T. Rita
02	2019.11.22	Organizational change. Attachment Assignment. 32	Dávidné T. Rita
03.	2020.12.18	41. Measuring supplier performance	Kurilla Tibor
04.	2021.09.01	10.3 Continuous development	Kurilla Tibor
05.	2022.01.10	4. Q-AUTOMOTIVE Kft.'s integrated policies	Kurilla Tibor
06.	2023.02.03	4.Integrated policies changed	Kurilla Tibor
07.	2025.07.28	General review, update availabilities	Szatmári Beáta

