QM Directive for Suppliers

for products such as
raw materials / purchased parts or surface refinement and services

Procurement and quality policy

HTP / Nanogate is one of the leading providers in the area of plastics processing for **high-tech products in the automotive sector** and would like to further expand its standing in the market using innovative technologies, skills and expertise.

In our attempt to reach this goal, our suppliers are an important factor in the process chain. We strive for a fair, long-term partnership with you that is based on goal-oriented supplier development.

Through their products and service, they have a decisive influence on the quality of our products. With respect to fulfilment and quality assurance, we assume that you as a supplier have an effective quality system in place and regularly confirm proper functioning of the system using corresponding documentation of proof.

You shall be responsible for the quality of the products and service you have delivered, regardless of whether they are produced by you, modified by you or procured by you from a third party. In this context, it shall be irrelevant whether we selected you as a supplier or whether our customer nominated you.

As a supplier to HTP / NANOGATE, you shall guarantee that your deliveries conform to the agreements, drawings, standards and specifications as well as to legal requirements and, consequently, that they meet the requirements of our customers.

Our common goal must be zero defects! To achieve this goal, measures for continuous improvement and assurance of a "zero-defect delivery quality" shall be developed.

Injection moulding technology

Injection moulding of difficult-to-produce visible parts in single-component or multicomponent technology

Painting technology

Painting plastic parts with high-gloss
and decorative paint

Assembly technology

Assembly of sub-assemblies including heat-staking and ultrasonic welding

Film technology – Nanogate

Production of complex film for inmoulding technology

Quality Management	Purchasing	Executive management
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1. VERSION HISTORY

Version 01c	12/11/2020	Revision; regulations in accordance with IATF 16949; CSRs.
Version 01 rev. D	15/06/2022	Adjustment of cost rates (ANNEX 1) / Formatting

2 PREAMBLE

2.1 Applicability

This agreement summarises the principles of the system requirements that HTP / NANOGATE places on its suppliers for deliveries of materials, components and services.

The directive is an integral part of the delivery contract, even if no explicit reference is made to this in the orders. The directive is valid as an annex to other joint agreements (e.g. General terms and conditions of purchase, specifications, special quality agreements, packaging regulations, etc.). Any additional agreements that have specifies that go beyond this agreement shall be agreed on with us.

Our purchasing department shall be responsible for procurement. Therefore, we expect that all contacts and enquiries regarding quality and environmental aspects will be processed by our Quality management with the participation of the purchasing department.

2.2 Confidentiality

Each supplier shall use all documents and knowledge obtained in connection with this agreement or other contracts for the purpose of fulfilling the order only and keep them secret from third parties with the same care that is used for corresponding documents and knowledge from the supplier. This obligation shall begin when the documents or knowledge are first obtained and extend in perpetuity.

2.3 Code of Conduct

We adhere to and expect transparent and ethical business practices

These include anti-corruption measures, a ban on unlawful price agreements, the protection of intellectual property, the respect for company and personal data, export control and prevention of conflicts of interest

We expect social responsibility

We condemn any discrimination or harassment in the work environment based on sex/gender, race, disability, origin, age or sexual orientation.

We expect our suppliers to accept their social responsibility, which extends beyond adherence to laws and regulations.

Fair conduct in competition

We embrace fair competition unconditionally.
We therefore reject any business action intended to gain an economic advantage in a way that is unfair in terms of anti-trust legislation or that violates anti-trust law. You shall confirm this by accepting these directives.

Anti-corruption

We condemn corruption and bribery and thus shall not tolerate any action in which unfair means are used to conduct business.

2.4 Sustainability

Workplace safety, environmental protection and health protection

The health and safety of all employees, customers and other persons affected by the business activities of our company is very important to us, as is the protection of the environment.

This includes the following elements:

We pledge to practise sustainable, future-oriented development that attempts to harmonise economic and ecological objectives in such a way that the needs of people can be satisfied and the development of future generations is safeguarded. Therefore, we expect from our suppliers

strict compliance with all legal and statutory provisions as well as with all environmental obligations, freeness of conflict of materials and harmlessness of materials.

2.5 Feasibility

The contractor shall check each order for its producibility. In this context, producibility means that the requested products can be produced without any limitation, particularly with regard to the requirements of technology, scheduling and business such as

a) Capacities / quantities
   Unless specified otherwise for the specific project, the condition shall be that the capacity can be increased by up to 20% without incurring extra costs,
b) Deadlines
c) Prices
d) Requirements specification
e) Drawings
f) Specifications

Under serial production conditions and in compliance with the laws and legal provisions valid at the contractor's location, including the regulations of occupational health and safety.

Feasibility must be reviewed for all new and modified parts/projects. Any problem shall be reported to the client immediately after it has been identified. If no objection is made within four days after receipt of an order, this is deemed approval of feasibility.

2.6 Data transfer

HTP / NANOGATE exchanges confidential data with its suppliers using encrypted electronic data processing methods. For this reason, the supplier should support corresponding methods. We shall announce technical details in due time.

2.7 Validity

This contract shall be valid for all ongoing and future orders from the time it is signed. If it becomes necessary to amend this contract due to economical or legal changes as well as changes to standards/specifications, HTP / NANOGATE shall revise this contract and resubmit it for signing. Termination shall be at six months' notice prior to the end of the quarter. This shall not exonerate the supplier from its delivery obligation resulting from an existing delivery contract. If the QMD is terminated, the standards valid in the industry (e.g. ISO 9001/EN 14001 or IATF 16949) shall be complied with at a minimum.

2.8 Price quality / Plannability

The supplier undertakes to maintain the pricing valid at the start of the project for the duration of the project. An exception is significant increases in the prices of raw materials (>10%) if they can also be asserted by HTP / Nanogate at the OEM. If opportunities of cost reduction should arise, we shall expect proactive price reduction.
In the interest of the partnership and competitiveness, the supplier undertakes to communicate cost breakdowns to HTP / Nanogate on request.
The standard delivery time from the original offer is binding. If there is a change, it shall be communicated to the purchasing department of HTP / Nanogate in due time so that the correct delivery time can always be kept in SAP.
If the stored delivery time is not complied with, the costs incurred as a result shall be borne by the supplier (principle of causality).

3. QUALITY PLANNING

3.1 Agreement process for product requirements

The product requirements shall be agreed on with the supplier before the delivery is released and laid down in writing as a mutually recognised "quality agreement (QA)".
The purchasing department shall be responsible for issuing the QA.

The supplier is obligated to work and deliver items only in accordance with valid ordering documents and current written agreements. The above shall also apply to changes or corrections made while orders that have been submitted are being processed.

Monitoring documents at all times and keeping them up to date shall be the responsibility of the supplier. Missing documents shall not exonerate the supplier from delivering flawless products.

3.2 Corporate planning – Quality planning

Comprehensive planning is necessary to achieve the required quality. **Corporate risk management** is mandatory for control and to meet the requirements. Therefore, HTP / NANOGATE expects that its suppliers practise systematic quality planning as part of their quality management system. This includes both the definition of short-term, medium-term and long-term goals, including a schedule for their implementation, and the designation of all responsible persons in writing.

Quality planning / project handling shall be performed specifically for each project in accordance with ISO 9001 (or IATF 16949 for automotive) in its most recent valid edition at a minimum. End customer requests or requests from the OEMs shall be taken into account and/or fulfilled.

3.3 Failure Mode and Effects Analysis (FMEA)

HTP / NANOGATE reserves the right to demand the creation and submission of a process FMEA. If additional moulds/tools are required for production, risk analyses such as a design FMEA shall be carried out in order to prevent defects.

FMEAs shall be created or supplemented by agreement between the persons responsible for the order for the development or production of new products, for new production processes, for safety and problem parts and whenever products or processes are modified. HTP / NANOGATE reserves the right to review the FMEAs at any time. In the event of a complaint, the contractor shall be required to reconsider/revise the existing FMEA.

3.4 Testing equipment

The supplier shall be equipped with testing and measuring equipment in such a way that it is capable of reviewing all relevant quality features. Product-specific testing equipment shall be defined and agreed on before the order is placed.

To obtain meaningful test results, the accuracy, reliability and availability of this equipment shall be guaranteed. Therefore, every supplier undertakes to have an effective system installed and implemented for testing equipment monitoring, calibration, official certification and maintenance and to train and instruct the responsible personnel accordingly.

3.5 Preventive maintenance

The supplier undertakes to operate a system of preventive maintenance for the installations and moulds/tools. Preventive maintenance intervals shall be defined, and information on their implementation shall be documented.

3.6 Emergency strategy

Suppliers shall develop concepts ensuring that supply can be maintained if production installations fail – emergency strategy. HTP / NANOGATE reserves the right to review these concepts. In this case, the contractor shall be notified immediately.

3.7 Spare parts obligation

Suppliers undertake to comply with the time periods required in the automotive industry for supplying spare parts or their components. Unless specified otherwise, the time period of the spare parts supply obligation is fifteen years after EOP (**E**nd **O**f **P**roduction). The prices of spare parts shall be defined in collaboration with the purchasing department; however, the last valid serial part prices shall remain effective until three years after EOP.

4. SUPPLIER QUALIFICATION

4.1 Supplier qualification

The suppliers shall be evaluated and selected based on their qualification for meeting the specific requirements. Furthermore, they shall have implemented at least one QM system corresponding to **ISO 9001** (most recent valid version) and shall continue to maintain it. In medium-term planning, certification in accordance with **IATF 16949 (Automotive Standard**) shall be pursued

The implemented QM system shall be certified or, at the very least, a time frame for the certification shall be specified. The prerequisite for supplier qualification is the evaluation of a **"Supplier self-assessment (SSA)".** A positive rating after the evaluation of this supplier self-assessment is the prerequisite for inclusion in the list of approved suppliers.

Depending on the risk assessment, we reserve the right to carry out either a **potential analysis** based on VDA 6.3 or an audit (consisting of system and process elements) before the order is placed. A positive rating does not necessarily lead to a placement. A negative rating rules out a placement unless improvements are made first.

4.2 Supplier evaluation

Once per calendar year, our key suppliers receive written information on their current quality status and an evaluation according to in-house supplier rating classes. Every supplier is directed to attain an A rating.

If the specified targets are not reached, the supplier shall be requested to comment on this and to announce measures in writing for attaining the specifications and to initiate them immediately. If serious quality problems occur repeatedly, our purchasing department shall invite the supplier to a quality meeting at short notice with the request to present effective remedial measures.

Basis of our supplier rating:

- Reliability and flexibility of delivery (adherence to deadlines, deviations from quantity)
- Quality of the deliveries (number and effect of complaints, ppm rate, or similar)
- Communication/support (complaints, enquiries, changes to delivery deadlines)
- Certifications (EN 9001, EN 14001 or IATF 16949)
- Acceptance of agreements / documents from HTP / Nanogate
- Delivery time
- Credit rating.

All products that occur as repeat defects or incorrect deliveries, that we sort, rework or scrap, are ppm relevant and included in the supplier rating. Detailed information can be found in the respective complaint inspection report. Refer also to **ppm agreement** Annex 2

4.3 Audits, process audits

HTP / NANOGATE reserves the right to audit your processes after a corresponding agreement while the series is being produced – process audit in accordance with / based on VDA 6.4. You shall grant us access to your production locations and process-relevant documents and inspection and test records and, on request, also grant this to our end customer. By extension, this right shall also be granted for the locations of your sub-suppliers. If this is not possible, you shall indicate this explicitly in writing before the order is placed.

Audit results and required measures shall be communicated accordingly, and their implementation shall be controlled.

4.4 Product safety

In the delivery chain of the automotive industry, we are all requested to ensure product safety throughout the product lifecycle. You, too, shall be obligated to pass on this request within you supplier chain as well. The Product Safety and Conformity Representative (PSCR) required for this shall be designated in writing.

For this purpose, hazards of safety-critical units shall be evaluated so that risks are controlled. If applicable, corresponding observations shall be carried out, and events shall be communicated to your employees.

5. SAMPLINGS

5.1 Initial samplings – PPAP

The supplier shall perform an initial sampling in accordance with VDA vol. 2 /**PPAP process** (most recent valid version). Initial sampling parts shall be demoulded from series moulds/tools, serial process, and systems and machines.

5.1.1 Sampling of raw materials, plastic pellets and paints

- Sample quantity by agreement or order
- Art. No., manufacturer, safety data sheet, techn. data sheet
- Processing instructions, material data sheet
- APZ, certificate of compliance with the order
- Batch No., specification of expiry date

5.1.2 Sampling of purchased parts, various materials, standard and catalogue parts

- Sample quantity by agreement or order
- Art. No., manufacturer, drawing, dimensional check results – component measurement
- APZ, certificate of compliance with order, safety data sheet, material certificate
- As appropriate, notes on further processing
- Supplementary documentation by request or agreement
- Batch No. / date of manufacture and, if necessary, expiry date

5.1.3 Sampling of parts from directed suppliers

- Sample quantity by agreement or order
- Art. No., manufacturer, (drawing, dimensional check results), material certificate
- APZ, certificate of compliance with order, safety data sheet
- As appropriate, notes on further processing
- Batch No. / date of manufacture
- Additionally, documentation in accordance with request or agreement

5.1.4 Sampling of chrome-plated parts

- Sample quantity by agreement or order
- Art. No., manufacturer, (drawing, dimensional check results), material certificate
- APZ, certificate of compliance with order, safety data sheet
- As appropriate, notes on further processing
- Batch No. / date of manufacture

5.1.5 Sampling of surface refinements / Hourly wage work and services

- Sample quantity by agreement or order
- Art. No., manufacturer, safety data sheet, techn. data sheet
- Processing instructions, material data sheet
- APZ, certificate of compliance with order, test results
- Batch No., specification of expiry date
- Additionally, documentation in accordance with request or agreement

5.1.6 Sampling of auxiliary operating materials that have an influence on quality

- Sample quantity by agreement or order
- Art. No., manufacturer, safety data sheet, techn. data sheet
- Processing instructions, material data sheet, material certificate
- APZ, certificate of compliance with order, (test results)
- Batch No., specification of expiry date

The supplier shall assign the initial sampling parts to the respective initial sampling report. The supplier shall be obligated to keep a corresponding number of reference samples from the initial sampling. Any storage time limits and conditions shall be specified and adhered to.

Procedure:

- At least **five sets of sample parts, sample plastic pellets or sample paint** (quantity by agreement) shall be made available to us at no cost and without obligation unless an agreement to a different effect has been made.
- Samples shall be marked accordingly – production of reference sample.
- Sample parts shall be produced under series production conditions, using series production moulds/tools unless otherwise specified.

Dimensional sampling:

- The measurement of the parts / moulds and tools / testing equipment is done by the supplier in agreement with the responsible contact person at HTP / NANOGATE.
- The measurement results shall be documented in such a way that they can be traced back to the measured positions (position sketches).
- Unless agreed otherwise, all product features included in the drawings, specifications, quality specifications and technical delivery regulations shall be sampled.
- HTP / NANOGATE reserves the right to carry out counter-tests on a case-by-case basis.
- For series production, a process capability of at least **1.33** shall be proven. The features selected for this shall be agreed on with HTP / NANOGATE.

5.2 Evaluation

The **initial sample inspection report** created by the supplier shall be supplemented by HTP / NANOGATE with test results of the counter-test, any identified defects and, if applicable, obligations. HTP / NANOGATE shall decide on approval or rejection of the initial samples and can impose obligations with deadlines for correction and documents this in the initial sample inspection report. The overall evaluation of the **sampling** is entered on the respective cover sheet. The initial sampling is deemed successfully completed if the overall evaluation result shows the "**approved**" status. At the SOP, initial sampling must have been completed and **approved**.

Evaluation of capacity:

The supplier evaluates the agreed quantities (including possible peak demands) and confirms them in writing. Depending on the agreement, a joint Run@Rate (process series for capacity measurement) may be necessary.

5.3 Design models / pre-production samples

For testing a new or modified product, design models / pre-production samples can be ordered from the supplier. A test data sheet with clear traceability shall be enclosed with these sample deliveries. This includes keeping a **lifecycle report card**.

5.4 RoHS (restriction of hazardous substances), conflict minerals

It is mandatory to comply with the specifications of our end customer (OEM) regarding the materials to be used or, if present, with the customer-specific lists of "**prohibited" ingredients** or the limitation of hazardous substances.

Handling conflict minerals.

As part of the supply chain, HTP / NANOGATE undertakes to comply with the legal framework regarding conflict minerals. As necessary, the company shall confirm the conflict-freeness of whatever it has procured and presuppose that you also pass on the same procedure within your supply chain and insist on it.

5.5 IMDS International MaterialDataSystem

The IMDS is the material data system of the automotive industry. It is a joint development of the OEMs and has evolved into a global standard. As supplier, you are also obligated to document data about your products before initial sampling in the IMDS – obtain approval.

6. REQUIREMENTS for PRODUCTION

6.1 Production processes

Only production processes that the supplier has mastered and that take place under controlled production conditions are permitted. The required production processes shall be qualified to this extent. The supplier shall define the requirements for the qualification of the personnel and maintain them continuously using suitable measures. The supplier is obligated to keep its own documentation up to date. In addition, HTP / NANOGATE shall carry out process acceptance processes as required before serial production starts. Based on audit checklists, these processes and methods may also be evaluated or rated by HTP / NANOGATE. Requirements of end customers or OEMs shall also be taken into account in addition to our requirements.

6.2 Procurement from sub-suppliers

6.3.1 Procurement process

The supplier shall ensure that the products procured by it meet the defined procurement requirements. In the process, the supplier shall be responsible for the conformity of all procured products even if the sources of supply are specified by our customers. If these sources of supply are specified, it shall be guaranteed that they are also used by the supplier and its sub-suppliers.
The supplier shall evaluate and select its sub-suppliers based on their capability. The criteria for selection and evaluation shall be defined.

6.3.2 Procurement specifications

Procurement specifications for sub-suppliers shall unambiguously describe the product to be procured.

6.3.3 Verification of products to be procured

The supplier shall define corresponding inspection and/or monitoring activities ensuring that the ordered product meets the defined requirements.

6.3.4 Supply chain

The supplier shall relay all applicable requirements, including customer's requirements and requirements of the OEMs in the supply chain.

6.3 Right to access company premises

The supplier shall grant the right to access the affected areas and also the documented information at all levels to HTP / NANOGATE, their customers and regulation-defining authorities. This right shall be passed on in the supply chain.

6.4 Approval of products and services before delivery

During suitable phases, the supplier shall verify that the requirements for the products and services have been met. The results of this approval shall be documented in writing and stored in a safe location. The personnel granting the approval shall be authorised to do so. As required, an acceptance inspection certificate shall be created for each delivery. Approval by the authorised person shall be evident from the certificate.
If there are deviations from the specifications, **special approval** in the form of a **deviation permit** can be requested.

6.5 Documentation to be included with serial deliveries

With serial deliveries, the following documents shall be included for the purpose of marking and traceability in addition to the shipping and customs documents:

- Delivery note with Art. No. – recipient
- Deliveries from non-EU country – shipping and customs documents
- APZ acceptance inspection certificate (by agreement with recipient)
- Change status – status
- Batch ID / No., production code, expiry date
- Inspection values and further documents by agreement

- Marking of accordingly repaired or re-sorted product, deviation permit, or similar

6.6 Requalification of components and/or materials

A requalification shall be carried out **once per year** at the scope of the initial sampling. Special scopes shall be agreed on with the recipient. The contractor shall submit its complete requalification documents to HTP / NANOGATE immediately if the latter requests the former to do so. The contractor shall bear the costs incurred from requalification.

6.7 Use of products before approval

If a product is approved for production or delivery before all required verification activities have been completed, it shall be identified and laid down in writing to enable replacement if it turns out that the product does not meet the requirements – e.g. a note in the deviation permit.

6.8 Marking, traceability

Generally, the delivered products shall be marked in such a way that backtracking of the materials and batches used, production parameters, persons and inspection documents can be ensured at all times.

Locating a malfunction:
As part of traceability of the products, processes shall be controlled in such a way that the parts affected can be delimited to the smallest possible unit in the event of a malfunction. Traceability shall extend to sub-suppliers if required.

6.9 Voluntary declaration in the event of quality problems

If quality problems occur *(product, packaging deviations, incorrect deliveries, partial deliveries, delayed deliveries, etc.)*, the supplier shall notify the contact person at HTP / NANOGATE immediately to define the next steps and also suitable remedies.

6.10 Production, operating and auxiliary equipment / customer's property

Devices and moulds/tools shall be qualified in accordance with a test run. Machines of all kinds shall be continuously monitored for their function and accuracy.

The contractor shall be responsible for any **supplied operating equipment** from the client. All supplied operating equipment shall be equipped with an indelible nameplate clearly identifying its owner. If nameplates are supplied, they shall be used. Furthermore, the contractor shall bear the running costs for insurance, storage, maintenance and regular inspections for the duration of the agreement. Any loss or damage shall be communicated immediately. Proof of the occurrence shall be stored.
Modifications to supplied operating equipment are expressly permitted only if the client approves them in writing. Wear on supplied operating equipment shall be reported in due time before it causes a loss of quality or production failures.

When the agreement expires and after contacting the client, all supplied operating equipment shall be prepared for shipment in flawless condition, properly preserved and packaged.

6.11 Packaging regulations

The supplier shall be responsible for the quality of deliveries. Packaging shall ensure undamaged delivery.

Essential criteria for the design of packaging are:

- Protection from dirt and damage
- Easy and ergonomically convenient handling (transport, emptying, feeding to the conveyor belt, or similar)

- Environmentally friendly and cost-saving conceptual design for packaging
- Labelling/printing that is gentle on the product and can be clearly read by an external
- Reusability (reusable containers shall be preferred)
- Stability, stackability and transport protection safety

The marking of the packaging unit shall be agreed on with HTP / NANOGATE. Any safety warnings and restrictions regarding use and shelf life shall be affixed.

6.12 Transport

The supplier shall define processes and systems to rule out any damage from both internal and external transport.
The costs for any **non-standard shipments** shall be borne by the party causing them.

6.13 Products of limited shelf life

Such products shall be clearly marked with the conditions of storage and, if required, a note on the last possible use-by date.

6.14 Delivery

All deliveries shall include the full amount of the order. Partial deliveries are accepted only after previous approval in writing.

6.15 Requests for modifications

Modifications that are requested by HTP / NANOGATE shall be reviewed for their feasibility like the initial request. The question of whether the standards and specifications are up to ate shall be included in this review.

Requests for modifications on the part of the supplier with regard to ingredients or changes to the production installations, processes, layout and conversion of operating equipment shall be filed before implementation. HTP / NANOGATE decides on the next steps (resampling, phasing in and out, approval, and the like); if required, this may include consultation with HTP / NANOGATE's customer.

Modifications on the part of sub-suppliers or modifications to materials require approval. In any case, resampling shall result from such modifications.

Modifications made without express approval represent a breach of contract. The supplier shall be held liable for any costs resulting from this.

6.16 Marking of modification

Any modification to the product shall be marked on the delivery note and, by means of clearly visible adhesive labels, on the packaging of the product for the first three deliveries. In addition, the **lifecycle report card** to be kept by the supplier shall be forwarded to us proactively with a short **modification description** before the modified parts are delivered. All documents and operating equipment affected by this shall be adapted to the new version.
Labelling requirements specific to HTP / NANOGATE or the end customer shall be followed.

The **version** shall be evident from the article number or from a change index on the **delivery note** and on the label.

6.17 Continuous improvement

The supplier undertakes to introduce, keep in place and continuously maintain sustainable measures of improvement.

7. PROCESSING COMPLAINTS

7.1 Accumulated rejects

Faulty products in which defects occur only sporadically and in small numbers are recorded, collected and provided by our production department as accumulated rejects. The rejected parts are evaluated together.

7.2 Delivery of faulty units / quality lapses

In the event of defects or faulty products, the supplier shall be notified immediately (complaint information). Depending on the problem and the supply situation, the supplier shall immediately provide defect-free replacements or separate out the faulty parts. If the supplier is not capable of separating them out immediately, HTP / NANOGATE reserves the right to have them separated out by a third party at the expense of the supplier in order to minimise the damage. In every individual case, the supplier shall be asked for approval so it has the opportunity of taking action on its own.

The complaint shall be processed using an **8D report**. Measures shall be taken to ensure the supply of products meeting the specifications. Until it is ensured that production is under control, 100% inspections shall be carried out and documented – defect prevention trumps defect detection.

For all complaints, we expect your written comment within the specified time periods:

- Within **24 hours** email confirmation of receipt of the complaint
- Within **48 hours** a 3D report
- Within **14 days** a 5D report
- Within **30 days** an 8D report

A complaint shall be deemed concluded only if the defect causes are known and have been effectively and permanently eliminated, if the production process is effectively monitored and if the complaint costs have been paid.

7.4 Complaint costs

Complaints yield costs that may rise to considerable amounts if the consequential costs of our company and especially of our customers are included. Therefore, it shall be of mutual interest to achieve or meet the self-imposed **"zero-defects" goal** by all means available to us.

It is understood that we are forced to charge the originator for any costs incurred in our company and also for any charges assigned to us by our customers with good cause.

Our purchasing department shall work out the details of these charges. The fees listed in **Annex 1** serve as a guideline.

8. DOCUMENTATION

8.1 Regulations for documentation

The retention time for general verification documents **is a minimum of six years from** the last delivery. Longer retention times and any requests from our end customers are subject to special agreement – to this end, see also VDA vol. 1 – Components subject to documentation for car manufacturers.
These documentation requirements shall be correspondingly passed on to the sub-suppliers. Retention times stipulated by law shall be observed. It shall be possible to submit documentation whenever it is necessary.

8.2 Inspection features subject to documentation

If applicable, these shall be agreed on in a separate agreement.

9. INFLUENCE ON THE ENVIRONMENT

9.1 Environmental compatibility

The processes required for the production of the parts – as well as the materials used for them – shall comply with the state of the art in science and technology and with the applicable ordinances and laws. We expect that the supplier shall introduce environmental management in accordance with ISO 14001 or EMAS-VO in the long run.

Upon first delivery and in case of any modification, a safety data sheet indicating the corresponding modification shall be passed on to the purchasing department.

Corresponding written notes and unbroken documentation shall apply to the delivery of materials and parts that under special conditions emit hazardous substances and for materials that are known to be disposed of with particular difficulties only or that come with increased environmental pollution. It shall be noted that materials that present a hazard to humans and the environment shall be avoided in accordance with the respective technological possibilities.

Thus, it shall be a necessary condition for the supplier to implement the materials policy and the associated general framework conditions of the "REACH" ordinance and GHS (Globally Harmonized System of Classification and Labelling of Chemicals) in its value creation chain and to guarantee their application.

11. QM directive of HTP / Nanogate

duly noted and unconditionally accepted.

Place:....., *Date:* .....

	.....	.....
Company stamp	For Quality Management	For Executive Management

ANNEX 1 – Penalty fees

The table below contains and overview of the penalty fees to be billed.

Flat fees	
Packaging does not correspond to the agreed specification (without agreement and approval from HTP / NANOGATE)	EUR 90.00
Delivery note incorrect (does not match the delivery)	EUR 90.00
Late **delivery** (without agreement and approval from HTP / NANOGATE)	EUR 90.00
Identification, labelling not OK (part number, part index, quantity, barcode, etc.)	EUR 90.00
Product quality not OK: After complaint has been filed (to cover the incoming goods inspection for the next three deliveries)	EUR 200.00
Variable fees	
Additional handling / manipulation activities, rework, sorting, etc. due to non-conformities	EUR 45.00 / hour
Production stops at HTP / NANOGATE (e.g. any set-up costs due to required special production runs, additional expenses for inspections and processing, etc.)	EUR 55.00 / hour
Fees based on time/labour	
that have been caused by non-conformity of the supplier at the HTP / NANOGATE customer (e.g. additional processing effort; any losses from production downtimes, replacement of partially processed parts in production, etc.)	Actual costs incurred
Reimbursement for non-standard shipping rates	Fees based on time/labour
Replacement of reject materials	Fees based on time/labour
Replacement of partially processed parts in HTP / Nanogate production (in case of hidden defects)	Fees based on time/labour
Replacement of defective parts.	Actual costs incurred

ANNEX 2 – Quality commitment, ppm agreement

QC Quality commitment:

ppm agreement: Neither do the objectives laid down in this ppm agreement imply the acceptance of faulty deliveries or an accepted quality level, nor does the agreement limit the supplier's liability for warranty and compensation claims resulting from the defects of the delivery. Defective deliveries are not accepted; the supplier shall be held liable for them, and they shall be considered in the supplier evaluation. The evaluation shall take place annually. **Effect in the event of non-compliance** If the ppm limit is exceeded, the supplier shall define remedial measures and disclose them to HTP / NANOGATE. Depending on the success of the measures, the next stage of escalation shall be initiated, or the escalation process shall end. **Escalation process** Stage 1"ppm target value exceeded" The supplier shall proactively submit a plan for remedial measures with binding deadlines and document the progress in processing (8D report) Stage 2"Measures ineffective" The supplier shall be notified in writing. Depending on the severity of the problem, either the Quality or the Logistics office shall extend an invitation for a quality discussion. The supplier shall immediately create an effective action plan and regularly report on the progress. Stage 3"On-site analysis" HTP / NANOGATE shall carry out an on-site analysis (e.g. technical revision, VDA 7.3 audit or similar) The supplier shall summarise the results in an action plan, which shall be implemented under supervision. Stage 4"**Supplier ban**" Trigger: Stage 3 **not** completed successfully.	**Goal**: Defect-free delivery by the supplier – zero-defect strategy. ppm level Series (annual average): **250** ppm Series from SOP + 6 months: **500** ppm

Purchaser HTP / Nanogate Company stamp, address, function, name, phone No., email Fohnsdorf, …….. …… Purchasing dept./ QM	**Contractor / supplier** Company stamp, address, function, name, phone No., email Fohnsdorf, …….. …… Signature

FB80-02_eng QM DIRECTIVE for Suppliers _HTP Nanogate

Final Audit Report 2022-07-07

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