



Specific Customer Requirements of Sanok Rubber Group acc. to IATF 16949

Edition: 13	Prepared by: Anna Roszkowska Signature	Verified by: Joanna Bryndza Signature Mariusz Młodecki Signature	Approved by: Rafał Grzybowski Signature Marcin Saramak Signature
Valid from: 15.06.2021			
<i>The present Specification has been prepared in Polish and English. Disputes will be solved through a decision made by the Judicial Authority competent for the given location. In the event of a discrepancies between the language versions of the Specification, the Polish version shall prevail</i>			

Specyficzne Wymagania GRUPY SANOK RUBBER wg IATF 16949 / Specific Requirements SANOK RUBBER GROUP acc. to IATF 16949

1. General requirements.

- 1.1 The present specification defines additional requirements imposed by SANOK RUBBER GROUP on the Suppliers who provide or are willing to provide their merchandise to SANOK RUBBER GROUP.
- 1.2 The minimum requirement for quality management system is possessing by the Supplier ISO 9001 certification with target certification for compliance with IATF 16949 made by accredited body and application of IATF 16949 requirements (together with Sanctioned Amendments to IATF, the so-called SI) for automotive group suppliers. Other suppliers must have at least the quality system ISO 9001 implemented.
- 1.3 The Supplier is required to immediate notification about every change in the status of certification (e.g. uncompleted recertification audits, loss of a certificate validity, changes in the scope of certification, abandonment of recertification, cancellation or expiration of the certificate).
- 1.4 SANOK RUBBER GROUP reserves the right to audit the quality management system for compliance with IATF 16949 standard and to audit the process in accordance with the VDA 6.3 manual. The audit will be conducted at a date subject to prior agreement and it may cover the system, process or product. The audit may be carried out together with a Customer of SANOK RUBBER GROUP.
- 1.5 The Supplier Portal, Extranet <https://extranet.sanokrubber.com/unity/login.xml> includes among others, targets for indicators, costs related to complaints handling, selection method and supplier assessment methodology, and Specific OEM Customers Requirements. The Supplier receives access to the Portal at the time of approval/qualification of Supplier.
- 1.6 The Supplier performs deliveries strictly in accordance with the requirements included in the order, this applies among others, to the product's compliance with the order, quantity and delivery date (not later but also not earlier than specified), appropriate labeling, packaging, etc. Any possible deviations from the requirements contained in the order must be previously agreed in writing between the SANOK RUBBER GROUP and the Supplier.
- 1.7 The Supplier commits to maintain insurance for delivered parts.

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2 Specific requirements for the Supplier Management System (Section in accordance with IATF 16949)

4.3.2 Customer-specific requirements

The Supplier commits to comply with and to transfer to its subcontractors the specific requirements of SANOK RUBBER GROUP and SANOK RUBBER GROUP's final customers, about which they will be informed each time a new project is launched.

5.1.1.1 Corporate responsibility

Sanok RC SA requires confirmation of compliance with the requirements, and forwarding to the subcontractors of the Sanok RC SA Ethical Code, which can be found on website <https://www.sanokrubber.com> and the Supplier Portal, or of their own document containing the same requirements.

6.2.2.1 Quality objectives and planning to achieve them - supplemental

The Supplier is required to monitor the fulfillment of SANOK RUBBER GROUP requirements using basic indicators and taking action in the event of failure to complete the established objective. As minimum requirements for indicators SANOK RUBBER GROUP defines:

- ppm - (amount of non-compliant product delivered / total amount of product delivered) * 1 000 000.
- number of quality complaints - the number of cases of questioning the quality of the delivered product.
- number of logistic claims - number of cases of questioning the date, quantity, method of labeling, etc.
- delivery performance - (number of deliveries made on time / amount of all deliveries carried out within a specified period) * 100%
- number of premium deliveries - number of completed deliveries on time, but delivered in non-standard way different than it was stated in the contract.

The Supplier is required to pursue „zero defects” strategy in relation to supplies and improve their processes in order to maintain the level of quality of deliveries mutually determined by SANOK RUBBER GROUP and the Supplier. As part of this strategy, a supplier that has not reached the target of 0 ppm in a given year will receive "Targets for defects in supply" for the next 3 years as part of the improvement program with the objective to obtain 0 ppm in the last year.

7.1.5.1.1 Measurement System Analysis

The Supplier will ensure the reliability of the inspection and testing results, the efficiency of the control and measurement devices used and will carry out the analysis of the measurement system used to control the product characteristics and process characteristics that affect quality in accordance with the current AIAG MSA or VDA 5 manual.

7.5.3.2.1 Record retention

The minimum storage period for technical documentation corresponds to the period in which the Product is produced plus one calendar year. The remaining records should be stored for min. 3 years, except that for parts containing characteristics related to safety or legal requirements, this period is min. 15 years. In case of longer required storage periods for the records agreed in the contact between Sanok Rubber Group and the Supplier, the provisions of the contract shall prevail. The Supplier, upon request of SANOK RUBBER GROUP, will provide access to documentation regarding the design and development, production process and quality control of the Product.

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8.1.2 Confidentiality

The Supplier commits to hold all confidential information in strict confidence and not to disclose to any third parties and use this information only in accordance with the scope of this Specification. The confidentiality clause is applicable during the duration of the Agreement as well as after its conclusion.

8.2.2.1 Determining the requirements for products and services - supplemental

The Supplier shall ensure that the products supplied to SANOK RUBBER GROUP do not contain dangerous substances and materials as defined by the stipulations of the directives 2000/53/EC and 2002/95/EC. In case the Product, which is considered to be a dangerous material, is supplied to SANOK RUBBER GROUP, the Supplier is required to submit and update the Material Safety Data Sheet (MSDS) relating to the supplied Product in language version of the country to which the Product will be supplied. Supplier will provide a written notice on safety recommendations that should be followed and on storage conditions and will commit to supplying their Products in full compliance with Regulation (EC) No. 1907/2006 of the European Parliament and the Council as to Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), as well as other requirements specified in detail in the orders and in the framework contract. The Supplier is responsible for marking the Products and danger packaging in accordance with legal provisions of the country to which the Product will be delivered.

8.2.3.1.3 Organization manufacturing feasibility


The Supplier will commit in writing to fulfill the order for SANOK RUBBER GROUP for a new Product based on the Product feasibility study carried out. The analysis will be based on technical documentation, environmental, health and safety, energy requirements, regulations regarding recycling and the quantitative needs of the SANOK RUBBER GROUP. It is required for:


- each new Product,
- in case the Product or process is modified (including the change of the manufacturing location),
- each time the order placed by SANOK RUBBER GROUP increases beyond 20% of the monthly demand level stated in the contract.

The Supplier shall plan all necessary resources, devices, tooling, measuring instruments as well as product development stages and he shall also commit to carrying out the operations arising from the schedule in timely manner.

8.2.3.1.2 Customer-designated special characteristics

The supplier will identify special characteristics among others based on the results of the failure mode and effect analysis (DFMEA and PFMEA) and he take into account all *characteristics* defined by SANOK RUBBER GROUP. Designation of special characteristics:

 **Critical characteristics** effecting the safety/legal regulations. Those are characteristics where a possible deviation may have a significant effect on the operational use safety of the product or compliance with legal regulations.

 **Important characteristics** effecting the adjustment / function of the product. Those are characteristics where an anticipated deviation will likely have a significant effect on the function, assembly, reliability or operating.

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8.3.3.1 Product design input

The Supplier commits to label deliveries in accordance with Attachment No. 13 to this specification "Documentation of marking deliveries to the SANOK RUBBER GROUP" (it refers only to Polish location)

8.3.3.3 Special characteristics

The Supplier should possess criteria for identification of special characteristics. In case the critical characteristic is identified, having impact on safety or legal regulations, the Supplier has to submit Control Plan for approval by SQE of SANOK RUBBER GROUP. Process capability to PPAP / PPF should be calculated for all special characteristics or other characteristics indicated by SANOK RC. If SANOK RUBBER GROUP does not specify special characteristics, the supplier will identify its own characteristics for approval.

8.3.4.4 Product approval process

Validation and approval of the production process efficiency R@R is performed by the auditor of the SANOK RUBBER GROUP. Approval is carried out in accordance with the AIAG PPAP or VDA 2 PPA manual. The correct methodology will be defined during the project order. In case The Product or process does not meet specified requirements, SANOK RUBBER GROUP, at the Supplier's written request, may conditionally approve the Product for a certain period of time or for certain quantity on a condition that this fact will not have a negative impact on operation, durability and safety of use of the Product.

The Supplier shall take corrective action immediately to bring the Product into compliance and resubmit the documentation and the information batch for full approval. Serial deliveries of unapproved Products will not be accepted by SANOK RUBBER GROUP. In case the information batch is not supplied on the scheduled date or it is supplied without proper documentation or the documentation is incomplete or inadequate, the Supplier shall bear the costs related to delay in execution of the order. The Supplier shall ensure that all data regarding the material composition of the supplied Products are reported to IMDS (International Material Data System) before the information batch and PPAP documentation are submitted for approval. SANOK RUBBER GROUP identification number (ID) in IMDS data base is 2847.

The minimum scope of submitted documentation, prepared in accordance with AIAG / VDA guidelines, is as follow:

1. PSW /PPF
2. Drawing
3. Signed by Supplier a Sanok Rubber Group specification
4. Process flow chart
5. FMEA / VDA 4 – first page, full document to be presented at Supplier's location
6. Control plan
7. Measurements report for 100% dimensions indicated on the drawing
8. Material test results acc. to standards indicated in the specification
9. Bill of materials (BOM)
10. Cpk – process capability calculated acc. to point 9.1.1.1
11. MSA / VDA 5 – measurement system analysis
12. Samples

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13. Others if applicable

In case of materials from the group of BULK MATERIALS – MASS, the scope of documentation will be agreed individually.

8.3.6.1 Design and development changes - supplement

The supplier is not authorized to make any changes to the Product and / or production process without a prior application for change introduction submitted to the Buyer of Sanok Rubber Group and after formal acceptance of the application by a representative of SANOK RUBBER GROUP. Modification / change will not be introduced without prior formal approval of the Product (matrix of changes required formal approval acc. to AIAG PPAP/VDA 2) by a representative of SANOK RUBBER GROUP. SANOK RUBBER GROUP may waive the right to conduct a formal approval of the Product by communicating the decision about it to the Supplier in written form. The Supplier is required to implement a proper change management system in order to ensure that the process is performed based on the current level of change (drawings, specifications, process documentation, etc.).

8.4.2.3 Supplier quality management system development

The Supplier commits to comply with and to transfer to its subcontractors the specific requirements of SANOK RUBBER GROUP and SANOK RUBBER GROUP's final customers, about which they will be informed each time a new project is launched.

8.4.2.4.1 Second-party audits

SANOK RUBBER GROUP reserves the right to conduct an audit with the Supplier in the supply chain in case of significant quality or logistical problems resulting from reasons attributable to the Subcontractor. The audit may be carried out jointly with the Customer of SANOK RUBBER GROUP.

The Supplier undertakes to communicate to its Sub-Suppliers the requirements of special processes (CQI) according to AIAG (Automotive Industry Action Group), if they apply to the materials supplied.

8.5.4.1 Preservation - supplement

The Supplier will ensure that all Products will be packaged and marked in accordance with the Product specification. Packing specification shall be agreed by the Parties prior to the approval of the Product for serial production. In case of Products losing their properties with passing of time, expiry date shall be marked on packaging. In case of specific storage conditions Supplier provides proper information on packaging. The supplier will not deliver materials to the SANOK RUBBER GROUP with a validity period of less than 6 months at the time of delivery. Any deviation requires the written consent of the SANOK RUBBER GROUP.

8.6 Release of products and services

The Supplier is responsible for the quality of the delivered parts and acknowledges that SANOK RUBBER GROUP plants do not control the quality of all batches of delivered parts.

8.6.1 Release of products and services - supplement

The supplier is required to attach to each delivery all documents, material labels on the delivery units and "Confirmation of material compliance" in accordance with the applicable technical documentation and the current "Specification", provided at the design stage.

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8.7.1 Control of nonconforming outputs

The Product shall be considered as defective if:

- results of control of the Product characteristics do not comply with the requirements defined in the technical documentation (drawing, specification, etc.),
- it is not properly marked, does not meet specified safety standards,
- does not correspond to appropriate master sample approved in the Product approval process (PPAP/PPA information batch),
- it contains defects that spoil or reduce its functionality and/or reliability during its application determined in the project,
- shelf life in the day of delivery to warehouse of SANOK RUBBER GROUP is shorter than 6 months, unless the parties have agreed otherwise, point 8.5.4.1.

8.7.2 Control of nonconforming outputs

Complaints are conducted on the SANOK RUBBER GROUP Suppliers' Portal - EXTRANET. The required response time to the complaint is respectively:

- 24 hours – step D1-D3,
- 7 days from notice - step D4 - D6,
- full 8D report within 10 working days from notice or another period of time agreed between the Parties (step D7-D8).

The Supplier shall implement immediate actions within 24 hours of being notified or another period of time agreed between the Parties. Immediate actions should include, for example: 100% control of Products suspected of being defective, including all storage locations, information about the transportation of Products suspected of being defective, replacement of disputed Products or lots of Products, execution or order of sorting or repairing the Products delivered, subject to agreement for repair must express the SANOK RUBBER GROUP in writing.

If the same problem occurs again, the SANOK RUBBER GROUP reserves the right to impose a sorting company, until the quality is stabilized at the required level, at the expense of the supplier. Immediate actions (including those commissioned for execution to the Subcontractor) will be carried out at the cost and responsibility of the Supplier and will be implemented until it demonstrates the ability to deliver the Product as required and ensures that there are no Products in the supply chain for which there is a suspicion of defectiveness. In the case of detecting non-compliant parts, the SANOK RUBBER GROUP plant is entitled to carry out the sorting operation or repair of the products on its own in an amount necessary to secure the continuity of production and charge the Supplier with the resulting costs. The Supplier will be informed about the implementation of the selection or repair operation in order to authorize it, but it does not release the Supplier from the responsibility for the Product. In case of a complaint, the supplier shall pay minimum administrative costs (list in the Suppliers' Portal).

9.1.1.1 Monitoring, measurement, analysis and evaluation

Once a year the Supplier is required to carry out a re-qualification of the product and upon request send its evidence to the SANOK RUBBER GROUP. The Supplier is responsible for the validity of the re-qualification. Statistical process control (SPC) must be carried out for all special or other characteristics indicated by the SANOK RUBBER GROUP.

Minimum requirements regarding the level of capability indicators for special characteristics are respectively:

- Machine capability: $Cmk \geq 2,00$
- Process capability: $Ppk \geq 1,33$ - impact for adjustment / function,

$$P_{pk} = \min \left\{ \frac{USL - \bar{X}}{3 \cdot \sigma_S}; \frac{\bar{X} - LSL}{3 \cdot \sigma_S} \right\}$$

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- Ppk ≥ 1,67 - impact for safety / legal regulations,
- Process efficiency: Cpk ≥ 1,33 - impact for adjustment / function
- Cpk ≥ 1,67 - impact safety / legal regulations.

$$C_{pk} = \min \left\{ \frac{USL - \bar{x}}{3 * \hat{\sigma}_{R/d_2}}; \frac{\bar{x} - LSL}{3 * \hat{\sigma}_{R/d_2}} \right\}$$

In case the process does not demonstrate required capability level the Supplier implement 100% control operation in the process until requirements are met. SANOK RUBBER GROUP reserves the right to set a higher level of the indicator, in accordance with the specific requirements of the Customer.

Minimal scope of documentation for requalification:

1. PSW /PPF
2. Measurements report for 100% dimensions indicated on the drawing
3. Material test results acc. to standards indicated in the specification
4. Bill of materials (BOM)
5. Cpk – process capability calculated acc. to point 9.1.1.1
6. Others if applicable

In case of materials from the group of BULK MATERIALS – MASS, the scope of documentation will be agreed individually.

9.1.2.1 Customer satisfaction – supplement

In case the Supplier does not meet the agreed quality and logistic targets, a four-level procedure of escalation of actions is initiated by SQE.

The first level of escalation process is initiated by SQE responsible for suppliers development in particular location and transfer that information to SQE in Polish headquarter (PL).

Level 2 - 4 activates SQE (PL). Placement of the Supplier on escalation levels 2, 3 and 4, has to be treated as assignment of special status according to IATF 16949. In each case the Supplier is informed about the escalation actions undertaken against him and about his transfer to a higher/lower level. The Supplier should sign and return the escalation form. In the case of a designated supplier (Directed-Buy), each time the Customer is informed about the activation of the escalation level. The Supplier is responsible to inform his Certification Body about special status received from SANOK RUBBER GROUP.

SQE (Supplier Quality Engineer) it is authorized auditor of Suppliers in SANOK RUBBER GROUP.

Escalation actions levels:

Level 1:

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The trend of the "ppm of deliveries" indicator, calculated cumulatively over the last three months, shows an increasing trend (↑) and/or the timeliness indicator of deliveries below 94% and/or the number of complaints cumulatively above 5. Additionally, the escalation process can be activated in case of: repeated logistic complaints, quality complaints, disturbances at the Sanok RC customer, late submission of the 8D Report, contact problems, periodic evaluation at level "C", process audit at level "C", occurrence of special/premium transports, etc. The decision is taken by the team performing the summary analysis of a given month (SQE, LZ, DL / J4, DZ-4, HL4). Supplier defines and submit a corrective action plan.

Level 2: SPECIAL STATUS:

The trend of "ppm delivery" indicator, calculated cumulatively over the last six months, continues to show increasing trend (↑) and/or the delivery performance indicator cumulatively below 90% and/or the number of complaints cumulatively over 7 and/or a corrective action plan has not been submitted or actions identified in the plan are ineffective (new disruptions and problems continue and/or appear) and/or no escalation signatures level 1. The supplier is obliged to implement:

- in case of quality indicators: 100% control of products delivered to the SANOK RUBBER GROUP, additional marking of individual and collective packaging with green identification card "100% control".
 - in case of logistic indicators, SANOK RUBBER GROUP reserves the right to individual determination of corrective actions for the supplier.
- Results of actions undertaken are discussed by the Supplier representatives during the visit at SANOK RUBBER GROUP.

Level 3: NEW BUSINESS HOLD:

Undertaken actions are ineffective, indicators still do not meet the established targets, and the corrective actions, as well as the established 100% control, are ineffective.

The Supplier is obliged to implement, at their own cost:

- in case of quality indicators: additional 100% control to be performed by an outsourced company,
- in case of logistic indicators: individually determined by SANOK RUBBER GROUP actions.

The representatives of SANOK RUBBER GROUP conduct an audit at the supplier's site in order to verify the actions. A procedure of searching an alternative source is initiated for the products delivered by the supplier under the escalation action. Requests for quotes and orders to the supplier for new projects are stopped. Additionally, SANOK RUBBER GROUP may charge the supplier financial penalties arising from the cooperation contract.

Level 4: ALL BUSINESS HOLD:

Despite actions being taken as described on levels of escalation from 1 to 3, logistic and quality indicators still demonstrate a negative trend. Decision is made to change the supplier for pending projects.

Deescalation:

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A supplier can be moved from a higher to a lower level if actions taken at each level are effective. After a successful and permanent implementation of corrective actions by the supplier, escalation actions may be discontinued (positive trend ↓ - not shorter than 3 months, delivery performance indicator over 99%, number of complaints cumulatively constant).

9.2.2.3 Process audit

Supplier commits to meet the requirements of special processes in accordance with AIAG if they are applicable for delivered parts:

- CQI-9 (Heat Treatment System Assessment)
- CQI-11 (Special Process: Plating System Assessment)
- CQI-12 (Coating System Assessment)
- CQI-15 (Welding System Assessment)
- CQI-17 (Soldering System Assessment)
- CQI-19 (Sub-Tier Supplier Management Process Guideline)
- CQI-23 (Molding System Assessment)

SANOK RUBBER GROUP anticipates unassisted evaluation in accordance with questionnaire of the relevant CQI standard and sending the current report once a year.

10.3.1 Continuous improvement - supplement

Supplier should use instruments to improve its productivity such as Lean Manufacturing or similar. Effects of improvements are shared between the Supplier and Sanok RC in form of price discounts. Discounts will be a subject of contract agreements or a result of cost audits conducted by Sanok RC.

GRUPA SANOK RUBBER
 Pion / Dywizja...../ Logistics and Purchasing / Division
 ul. Przemyska 24
 38-500 Sanok
 Fax nr . : +48 13 46 54419

Potwierdzenie / Acknowledgment

Niniejszym potwierdzamy otrzymanie / We hereby confirm the receipt of

„Specyficzne Wymagania Klienta GRUPA SANOK RUBBER.”

" Specific Customer Requirements " Sanok Rubber Group

oraz / and

„Dokumentacji oznaczania dostaw do SANOK RC S.A” * *

"Labeling of Supplies to SANOK RC S.A." *

i deklarujemy, że będziemy postępować zgodnie z zapisami w ww. dokumencie / dokumentach **).

and we declare that we will follow the provisions of the abovementioned document /documents **).

Nazwa Dostawcy/Pieczętka firmowa Dostawcy / Kod Dostawcy
Supplier Name / Supplier Company stamp / Supplier Code

Wyłączenia dotyczą pkt:
Exemptions apply to Section:

Data / Date	Imię i Nazwisko / Name & Surname osoby upoważnionej / of authorized person	Podpis osoby upoważnionej Signature of authorized person
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Uwaga: Proszę wysłać podpisane Potwierdzenie do GRUPY SANOK RUBBER

Remarks: Please send signed Acknowledgment to SANOK RUBBER GROUP

Pion Logistyki i Zakupów/Logistics and Purchasing : e-mail maciej.pielech@sanokrubber.pl,
anna.roszkowska@sanokrubber.pl

Dywizja Mieszanek DMG/Division DMG/Z-4: e-mail justyna.szypak@sanokrubber.pl
 lub listem poleconym/ or by registered letter.

* Dotyczy Dostawców dostarczających produkty do lokalizacji PL / Refers to Suppliers delivering to locations in Poland

** Niepotrzebne skreślić / Delete as applicable