

SUPPLIER MANUAL

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INNO-COMP KFT.

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1. Core Principle

The goal of Inno-Comp Kft. is to continuously increase the satisfaction of its customers in a regulated internal environment through the integrated operation of different control systems as well as by its efficient, competitive, environmentally and energy-conscious, safe, people-oriented and responsible activities in accordance with market demands.

Our company expects operation in accordance with the requirements of IATF 16949:2016 Vehicle Quality Management System for automotive products.

2. Purpose of the Supplier Manual

The purpose of the present Supplier Manual is to familiarize our Suppliers with the expectations of Inno-Comp Kft.

3. General Requirements towards our Suppliers

Inno-Comp Kft. demands of its Suppliers as well to operate a quality- and environmental control system that ensures the manufacturing of a product of the expected level of quality.

Inno-Comp Kft. shall only contract with Suppliers who take full responsibility for the quality of their products and ensure the continuous performance of contractual requirements.

Should a Supplier under contract with Inno-Comp Kft. perform exclusively sales activities, he shall ensure that the requirements set forth under the present Manual shall be met by the manufacturer as well.

Should the Supplier mandate a subcontractor in order to perform the contract, he must ensure that the requirements described in this manual are met by the subcontractor as well.

Should Inno-Comp Kft. consider it necessary, the Supplier shall ensure that the audit of its quality and environmental control systems as well as its products to be performed by our auditors.

Unless otherwise provided by Inno-Comp Kft. or its customer, the following order shall be applied to meet the requirement:

- compliance to ISO 9001 through second-party audits,
- certification to ISO 9001 through third-party audits,
- certification to ISO 9001 with compliance to other customer-defined QMS requirements (such as Minimum Automotive Quality Management System Requirements for Sub-Tier Suppliers {MAQMSR}) through second-party audits,
- certification to ISO 9001 with compliance to IATF 16949 through second-party audits,
- certification to IATF 16949 through third-party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).

In the case of automotive products, additional compliance with other customer-specific requirements, as specified by Inno-Comp Kft. or its customer, shall be ensured, and Inno-Comp Kft. shall inform the Suppliers affected by this requirement, as recorded in a documented form. Record management must comply with legal, organizational, and customer requirements.

The Supplier shall inform Inno-Comp Kft. about its compliance with the ISO 9001 and/or IATF 16949 standard as well as the loss thereof.

Should the Supplier not intend to introduce the ISO 9001 system, Inno-Comp Kft. shall demand a declaration by the Supplier on the fact that its operation is in compliance with the requirements of the ISO 9001 standard as a minimum requirement. If necessary, auditors of Inno-Comp Kft. may perform an audit of the Supplier in accordance with the ISO 9001 standard requirements as part of the Supplier's approval.

For non-certified Suppliers, we recommend using the following standard elements:

Structure

- The Supplier shall possess a structure chart clearly identifying the activities and responsibilities of employees and corporate organizations in terms of quality and environmental protection.
- It shall be considered that any and all employees of the company are responsible for achieving the desired quality and environmental goals.

- Planned and documented trainings are required in order to promote adequate quality and environmental awareness.
- The intermittent internal review and continuous improvement of the control systems (both quality and environment systems) shall be regulated.
- A responsible official shall be appointed with a specific competence and responsibility to ensure that the quality and environmental control system requirements are met, as well as to sustain its operations.

Quality Design

- The quality design shall include the methods aimed at incorporating quality into design and manufacturing processes before the commencement of production.
- In order to prevent defects, the Supplier shall already design such quality during the phase of technical development, which is able to meet any and all of Inno-Comp Kft.'s expectations.
- Upon the case of materials supplied for an automotive product, Inno-Comp Kft. may request its Suppliers to operate a quality design process observing the appropriate methods (e.g. APQP).

Inspection and Testing Instructions

- The Supplier shall prepare and use written inspection and testing instructions stipulating the control methods used, the sampling plans and compliance conditions during any and all phases of production, from the inspection of the product to the final check.

Measuring and Testing Equipment

- The Supplier shall possess properly maintained measuring and testing equipment for the safe performance of the quality control and process regulation tasks.
- The measuring and testing equipment shall be clearly identified, regularly authenticated and calibrated, while keeping sufficient documentation thereof. Instructions stipulating the frequency of calibration of different measuring and testing devices shall be in place.

Manufacturing

- The manufacturing process shall be controlled / regulated at all times in order to prevent the occurrence of errors and to reduce the frequency of changes in the manufacturing processes. Technological specifications / operational plans regarding any and all steps of the manufacturing process shall be placed at the production site.

Final Checks and Testing

- The final check shall confirm that the quality of the final product is adequate, which shall be recorded on the product certificate.

Nonconformity of product quality

- Any and all nonconforming products in terms of regulatory quality requirements identified during the process of manufacturing shall be stored distinctively and separately, and the prevention of product mixture shall be ensured.
- Should he be able to supply nonconforming material only, the Supplier is obliged to inform the competent contact person of Inno-Comp Kft. in writing; Inno-Comp Kft. shall decide on the acceptance of the product and inform the Supplier thereof in writing.
- Inno-Comp Kft. demands of its Suppliers to inspect the quantitative and / or qualitative claims and observations submitted as quickly and efficiently as possible - by using error analysis methods (e.g. 5W, G8D) as well, and aim to implement such effective measures, by which the repeated occurrence of the error may be prevented.

Storage and Handling of Materials

- The Supplier shall store and handle materials in such a way as to prevent damage, contamination and environmental pollution. The packaging shall contain information, which clearly identify the product and if applicable, be provided with a barcode.
- During the performance of work, storage and material handling, special attention shall be paid to environmental protection and decreasing the environmental load to its absolute minimum.

Product Status Identification

- The Supplier shall operate a documented procedure that ensures the verification of activities conducted and checks performed from the product inspection to their delivery during any and all phases of the manufacturing process.
- In order to identify any potential flaws, traceability of any and all operations shall be ensured.

Quality and Environmental Performance Improvement

- The Supplier shall prepare a plan stipulating the purposeful and continuous improvement of their quality indicators and environmental performance.

Notes and Protocols

- The Supplier shall keep records and protocols indicating the continuous and effective operation of the control system and the conformity of the products with the requirements as stipulated.

Confidentiality

- Any and all information, agreements and contracts between Inno-Comp Kft. and the Supplier shall be deemed as business secrets, and they shall not be shared with third parties in any form whatsoever.

Compliance with Legal and Product Safety Obligations

- The Supplier shall ensure that the manufacturing and handling conditions of the delivered products are in compliance with the statutory provisions on industrial safety, product safety and environmental protection.

4. Protocol of Approval regarding New Products

4.1. Sample Acceptance Conditions

Should its business interests require to do so, Inno-Comp Kft. may request to be provided with a product sample by its existing or new Suppliers.

When submitting a sample, the Supplier shall provide the following.

- a) the completed supplier questionnaire (Annex No.1) in case of new suppliers;
- b) informative prices for the potential quantity items as indicated by our Suppliers;
- c) the following documentation related to the product by no later than the date of the sample's delivery:
 - TDS
 - Safety Data Sheets (in Hungarian) (pursuant to Annex II of REACH Regulation (1907/2006/EC) and its amendments)
 - a complex Declaration of Compliance with REACH Regulation (1907/2006/EC) and its amendments:
 - Declaration of Registration
 - Declaration of Components regarding those, which:
 - are listed as substances on the Candidate List of Substances of Very High Concern for Authorisation (SVHC) (pursuant to Article 59 of the REACH regulation) (as last amended)
 - are listed as substances subject to authorization (pursuant to Annex XIV of REACH Regulation and its amendments),
 - are listed as Restricted Substances (Annex XVII of REACH Regulation and its amendments), a declaration on the shelf life and sustainability of the material

We shall not accept a product sample of raw materials manufactured earlier than half a year ago.

Supplementation

Until May 31, 2018 any chemical substance manufactured or imported in a volume in excess of 1 ton/year is subject to registration pursuant to the provisions of the REACH Regulation (1907/2006/EC). Therefore the Supplier shall declare, prior to the first dispatch of each substance / mixture, on the registration of the relevant substance or mixture or the intention of its registration. Furthermore, should be the substance or one of the substances

of the mixture be listed on the "Candidate List" or be listed as substances subject to authorization (pursuant to Annex XIV of the REACH Regulation) or be subject to a limitation (pursuant to Annex XVII of the REACH Regulation).

Only Safety Data Sheets created in accordance with the provisions of Annex II of the REACH Regulation and its amendments may be introduced into the market.

Labelling shall strictly adhere to the contents of the Safety Data Sheet.

The Safety Data Sheet and the label must be provided in the same language as the official language of the country, in which the product is introduced into the market.

Special Requirements for Product Groups

Polymers (PP, PE, PS, PA, ABS first class polymer or regranulate)

Product properties tested may include: e.g. MFR, cutting, moisture content, colour, filler content.

Prior to submitting a sample, Inno-Comp Kft. shall communicate the quality requirements regarding the product towards its Suppliers.

Typical sample requirements for the first sample test: 50 kg

Masterbatches

Product properties tested may include: e.g. colour and thermal stability

The required value for each colour coordinate (DL, DA, DB) shall be below 0.3 when compared to the etalon colour theme provided by Inno-Comp Kft., with the value of DE not in excess of the value 0.5.

With each new colour adjustment, the degree of thermal stability shall be determined as well. The thermal stability shall be deemed as satisfactory with the coloured product being subjected to temperature (that is, the material contained in the aggregate being tempered for 30 minutes at a temperature of injection), the colour measured on the injected colour plaque (ISO D2) shows a difference by a maximum of 0.2 DE when compared the non-tempered colour measurement.

Inno-Comp Kft. and the Supplier shall consider the tested and accepted masterbatch as an etalon colour reference.

Typical sample requirements for the first sample test: 2 kg

In case of approved masterbatches, the DE shall not be in excess of the value 1 for each additional supply, unless agreed otherwise between Inno-Comp Kft. and the Supplier. The colour measured by the Supplier during the colour tolerance and colour production process shall always be indicated on the quality certificate of the masterbatch.

Chargers and amplifiers (e.g. talc, calcium carbonate, mica, glass fibre, natural fibres or ground substances, carbon fibres)

Product properties tested may include: e.g. moisture content, ignition residue or whiteness value.

Typical sample requirements for the first sample test: 50 kg

Other additives (e.g., heat stabilizers, UV stabilizers, slipping agents, antistatic agents, nucleating agents, acid scavengers, metal deactivators, wetting agents, processing aids)

The raw material sample may be accepted in view of the CAS number, technical data sheet or measurement results performed in our laboratory.

Typical sample requirements for the first sample test: 1 kg

Other raw and packaging materials not included in the aforementioned categories

Our Suppliers are specifically informed about our quality requirements regarding the relevant materials.

4.2. Sample Production and Protocol of Acceptance

The EHS Coordinator of Inno-Comp Kft. shall issue a sampling approval based on the documentation received, having verified the hazard classification of the raw material and the compliance with the REACH Registration duties or the intention thereof.

Following that, the raw material sample is submitted to our laboratory, where the properties of the product listed on the technical data sheet are reviewed, and the product of Inno-Comp Kft., for which the relevant raw material shall be used in the future, is being produced. After the laboratory tests, pursuant to the results obtained, a decision is made whether it is advisable to purchase a larger quantity of the relevant raw material for trial factory production purposes.

The raw material may receive its final approval following the successful trial factory production.

The Supplier shall be informed about the suitability or the nonconformity of the product regarding its intended use.

If the quality of the raw material is determined as suitable by Inno-Comp Kft., it is necessary to reach an agreement with the Supplier of the relevant raw material on at least one specification of the product specification which the Supplier shall, during the course of his future supplies **indicate on the quality certificate at all times, along with the measured value** (mandatory elements of the quality certificate are stipulated under Annex III).

At the end of the approval process, Inno-Comp Kft. shall request a declaration by the supplier on his ability or inability to issue a declaration of conformity with the requirements of any and all acts listed below - primarily in view of potential future prospective needs.

The issuance of such declarations shall only constitute a condition of the acceptance of the raw material, should the raw material subject to testing be already incorporated into such final products during the approval process, which are obliged to comply with the legislation as listed below.

- Food Contact Material Regulations (1935/2004/EC, 10/2011/EC and FDA) and their amendments
- RoHS Directive (2011/65/EU) and its amendments
- WEEE Directive (2012/19/EU) and its amendments
- ELV Directive (2000/53/EC) and its amendments
- Packaging and Packaging Waste Directive (94/62/EC) and its amendments

4.3. Accepted Materials Delivery Requirements

Prior to the first order, all our Suppliers shall complete a form containing the most important data of the company.

Inno-Comp Kft. undertakes to adapt to the needs of the Suppliers and to provide any and all data necessary for the manufacturing design of the products to be completed until the requested deadline.

Our order shall be placed subject to the agreement concluded with our Suppliers, and the order confirmation shall be sent to our liaison official within 1-3 business days; should this not be possible, we kindly ask our Suppliers to inform us thereabout.

Prior to delivery, please provide the following in writing:

- the quality certificate sent to mubizonylat@innocomp.hu e-mail address (please indicate name and serial number of the product in the message subject)
- the date of shipping, the exact description of the material to be shipped, their custom tax number, the gross weight, the registration number and the country code of the car (data required for the EKAER number application) to the e-mail address of the responsible liaison official, as well as should any changes be made to the aforementioned data, an immediate notification to the responsible liaison official.

Freight Suppliers shall check in to the warehouse of Inno-Comp Kft. where they shall submit the delivery note and the quality certificate / product certificate.

The Quality Agreement (tolerance values) concluded between Inno-Comp Kft. and its Suppliers, as well as the laboratory results performed by the Supplier shall be indicated on the quality certificate of the raw material at all times.

Should this fail to be performed, Inno-Comp Kft. may even deny to accept the delivery of the shipment. Our company does also not accept material manufactured earlier than half a year ago; in view of this, please indicate the production time on one of the delivery documents at all times, preferably on the product certificate if possible.

- We kindly request the ordered goods to be delivered in perfect condition and equipped with appropriate packaging. Should the packaging be inappropriate, we shall prepare a report thereof and, in more serious cases, Inno-Comp Kft. may even refuse the acceptance of the supplies and charge any and all damages incurred towards the Supplier.
- Inno-Comp Kft. may conduct a check of the incoming material upon the delivery of the products ordered. The relevant check is based on the product specification agreed during the approval process, but it may also give rise to objections from the side of our Company against the quality of the raw material received, should a difference be observed in the quality of the raw material compared to its standard quality and/or the quality indicated on the technical data sheet of the product (e.g. contamination, particle size, cutting and homogeneity issues).
- Inno-Comp Kft. expects its Suppliers to strive towards flawless operation. Upon the case of a complaint, the Supplier shall be obliged to conduct the inspection as soon as possible

and to submit the root cause analysis and corrective measures taken to Inno-Comp Kft. within 14 days in writing, unless agreed otherwise between the respective parties.

5. Evaluation of Suppliers

Inno-Comp Kft. shall assess, evaluate and classify any and all of its potential Suppliers. A new Supplier may only be included under the List of Approved Suppliers after having received an appropriate rating. During acquisitions, our Company prefers Suppliers of a higher rating category, as well as those, who have examined the environmental effects of their production (service) systems in a documented way and have set goals to improve their impact on significant environmental factors, which they also implement. The rating is based on the following criteria:

- Supplier Questionnaire
- Certifications
- Quality Documentation
- Delivery Documentation
- Delivery Performance (100% OTD - on time delivery)
- Packaging
- Product Quality (no complaints)
- Complaint Handling
- Flexibility
- Liaising
- Customer disruptions at the receiving plant

The evaluation is performed by using a score system. The maximum total score is 100 points, with up to 15 extra points (e.g. for extra performance, other certifications, self-audits performed) awarded potentially. The total score achieved and the maximum total score (100 points) are used to calculate the percentual performance, based on which the Suppliers are later classified. Inno-Comp Kft. identifies the following Supplier categories:

"A"- Suppliers that have achieved a performance between 91% and 100% during the evaluation process. The goal is for all Suppliers to reach this level by continuous improvement.

"B" - Suppliers that have achieved a performance between 81% and 90% during the evaluation process. The Supplier will be added to the approved supplier list, however, we require these Suppliers to produce an action plan to ensure development of the areas to be improved; which may be inspected during the audit of the Supplier by the auditors of Inno-Comp Kft. regarding its effectiveness.

"C" - Suppliers that have achieved a performance below 80% during the evaluation process. An order shall not be issued for these Suppliers until an effective plan of action addressing the root cause of the downgrade is produced by them. The effectiveness of the measure shall be demonstrated after 3 months, which may be assessed by Inno-Comp Kft. during the audit of the Supplier.

Upon the downgrading of Suppliers requested by the customers of Inno-Comp Kft. into categories „B” or „C”, we also inform our customers of the aforementioned fact; any further orders shall be issued to the relevant Suppliers only if they are approved by our customers. We shall inform our Suppliers once a year regarding the results of the regular certification. We demand the Supplier to review the indicators contained in the evaluations that have been sent out, to carry out an analysis and, if necessary to take corrective measures to ensure continuous improvement.

Attachments:

Attachment No. 1:	Supplier Questionnaire
Attachment No. 2:	Supplier Rating Sheet
Attachment No. 3:	Product Certificate Data Content Requirements
Attachment No. 4.	Approval Documentation

After reviewing, understanding and accepting the present Supplier Manual, please complete the following data and have it signed by the official representative with signature rights of Your Company, and having completed so, please send it back to the liaison official of Inno-Comp Kft.

We have reviewed the Manual of Inno-Comp Kft., agree with the content hereunder in its entirety, and we shall strive to fulfill any and all of its requirements.

Company Name:

Seated at: (stamp)

Date:

Signature of Responsible Official

Name and Position of Responsible Officer

Modifications	
03.05.2018.	First release
09.02.2019.	Second release Page 3 – Requirements of the IATF standard in the supply chain Page 12, 13 – Amendment to supplier qualifications