



SUPPLIER MANUAL

Requirements for suppliers and service providers

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TABLE OF CONTENTS

Preamble	3
Supplier selection.....	3
Incoming raw parts inspection.....	3
Incoming paint inspection.....	4
IMDS (International Material Data System).....	5
REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)	5
Conflict Minerals	5
Customer Specific Requirements (CSR)	5
Legal compliance.....	5
Complaint management	6
If the supplier is the customer	8
Approval of the supplier manual	8

Preamble

Paint-Plast Ltd's primary goal is to meet the expectations of the customers and the automotive requirements. To achieve this goal, we implemented, operate and continuously improve our IATF 16949 quality management system. The quality of our products largely depends on the products, equipment and services delivered by our suppliers. This document aims to formulate the requirements and expectations Paint-Plast Ltd suppliers/service providers must meet. These guidelines not only ensure a consistently high quality of supplied products and services, but also serve as the basis for long-term, mutually beneficial partnerships.

Supplier selection

We consider the following aspects when choosing a supplier:

- Effect on product conformity
- Effect on Paint-Plast customer supply
- Quality management system
- Financial stability
- Technical support, customer service
- Business continuity planning - contingency risk
- Logistic process, flexibility
- Resources - technology, experience, competency
- Product or service price

Incoming raw parts inspection

Unless otherwise agreed in a separate agreement with the supplier, we perform an incoming inspection on the delivered raw parts. This inspection is done by random sampling.

Acceptance level is zero defect!

It is the responsibility of the supplier to ensure that the condition of delivered raw parts are ready for painting.

A ready for painting part means to fulfill the following criterias:

- Raw material of known and certified composition

- Clean, uncontaminated surface
- Surface is free from oil, silicone and grease contamination
- Surface is free from any mould-release, preservative agents
- Dry, moisture-free surface
- Damage and deformation free product
- Surface is free from scratches that could affect the appearance of the final coating
- Part is free from burr according to the technical specification

Supplier is responsible for the cleanliness of the raw material packaging material. If it is necessary, supplier has to clean the packaging material.

If we find a defect during our inspection process after painting which can be traced back to the non-compliance of the raw component, we inform the supplier. We block and separate these parts and after discussion with supplier, we send and invoice them back as painted parts with raw material defect.

Incoming paint inspection

We perform an incoming inspection on the delivered paint materials. This inspection is done by random sampling according to the following aspects:

- Incoming material temperature (Requirement: $\geq 5^{\circ}\text{C}$)
- Expiration date
- Delivery viscosity (Comparison to the values are on the TDS.)
- Colour – in defined cases (Visual assessment or colour measurement according to the customer requirements.)

It is the responsibility of the paint supplier to certify, on request, the conformity of the supplied material in the form of a quality certificate for each new production batch. It is the responsibility of the supplier to send the TDS (Material Data Sheet) and Material Safety Data Sheet (MSDS) of the supplied materials latest with the first delivery. In case of change in the data sheets, the updated version must be sent to Paint-Plast.

IMDS (International Material Data System)

The supplier undertakes to send (upload) the IMDS data sheet of the supplied materials to Paint-Plast: <https://www.mdsystem.com/imdsnt/faces/login>

Paint-Plast IMDS ID: 31424

In case of change in the data sheets, the updated version must be sent (upload) to Paint-Plast.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)

REACH is the Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals. The Regulation aims to create a chemical registration system that allows for the tracking and identification of chemicals, both in goods and preparations. The purpose of the registration is to provide as detailed information as possible at any point during the life cycle of materials. It is the responsibility of the supplier concerned to register any relevant materials supplied to Paint-Plast Kft. It is also the supplier's responsibility to inform Paint-Plast Kft. in a statement if a supplied material is not relevant for registration.

Conflict Minerals

Paint or raw material suppliers must be certified that Tantalum, Tin, Gold, Tungsten is from a non-violent source in the products it supplies. Conflict Minerals Reporting Template (CMRT) is available at the link below: <http://www.responsiblemineralsinitiative.org>

The certificate must be sent to Paint-Plast and updated at specified intervals or in case of new material supplied.

Customer Specific Requirements (CSR)

Suppliers of automotive products or services must meet the specific requirements required by Paint-Plast's customer, if there are any. If it is necessary, they are forwarded and communicated by Paint-Plast to the supplier.

Legal compliance

Supplier agrees that the supplied products, equipment and services comply with applicable legislation and rules of origin governing preferential trade. On request the supplier has to send a Long term supplier declaration to Paint-Plast.

Complaint management

The supplier is fully responsible for the quality of the products, equipment and services supplied. In the event that PAINT-PLAST Kft. establishes non-compliance, it notifies the supplier/service provider of the deviation in writing. Depending on the severity of the non-compliance, notification can be given by email, in a non-compliance report (see Annex 1) or in an 8D report (see Annex 2). The supplier must respond and provide information on immediate action taken within 24 hours. The supplier has 15 days to determine the root cause and the necessary corrective actions and 30 days to perform preventive actions.

The supplier must bear all the costs related to a non-conformity and the scrap cost of the parts which have raw material defect. If the non-conformity affects negatively Paint-Plast's customer then this cost also will be passed on to the supplier along with the costs of production downtime or extra shifts.

Other costs related to complaints:

- administration cost of the non-conformity: 50 €/case
- sorting cost (if free capacity is available): 10 €/hour/employee
- cost of production replanning due to the non-conformity: 400 €/case
- storage cost of blocked products: 10 €/pallet/day

If the supplier does not respond within 5 business days, Paint-Plast considered automatically accepted the costs of the non-conformity.

Supplier evaluation

We measure our suppliers' and service providers' performance based on the following criterias:

QUALITY COMPLIANCE OF THE SUPPLIED PRODUCT		WEIGHT 30%
1 complaint		100
2 complaints		75
3 complaints		50
>3 complaints		0
DELIVERY ACCURACY		WEIGHT 15%
0 delay		100
1 delay		75
2 delays		50
>2 delays		0
EXTRA FREIGHT		WEIGHT 10%

0 extra freight	100
1 extra freight	75
2 extra freights	50
>2 extra freights	0
CUSTOMER OR END USER CASES	
WEIGHT 15%	
0 case	100
1 or more case	0
COOPERATION, SUPPORT, COMMUNICATION	
WEIGHT 25%	
Proactive cooperation, effective support	100
Good cooperation and support	75
Acceptable cooperation and support	50
Not acceptable cooperation and support	0
CERTIFICATION OF THE QUALITY MANAGEMENT SYSTEM	
WEIGHT 5%	
IATF 16949	100
ISO 9001	75
Preparing for certification	50
No certification	0

Explanation:

QUALITY COMPLIANCE OF THE SUPPLIED PRODUCT: The maximum score can be given if the quality of the product or service delivered is in all cases appropriate, and no more than 1 complaint has happened.

DELIVERY ACCURACY: The maximum score can be given if the delivery is in all cases completed by the deadline and there is no delay.

EXTRA FREIGHT: The maximum score can be given if there is no case where the supplier has to organize an extra freight to fulfill on time delivery.

CUSTOMER OR END USER CASES: Maximum score can be given if there is no non-compliance which affects negatively Paint-Plast customer or end user.

COOPERATION, SUPPORT, COMMUNICATION: Maximum score can be given if the supplier always cooperates actively and effectively, provided information in due time about the measures taken to resolve any complaint and Paint-Plast Kft. approved them.

CERTIFICATION OF THE QUALITY MANAGEMENT SYSTEM: The maximum score can be given if the supplier operates an IATF 16949 quality management system certified by an independent certification body. It is the supplier's responsibility to send a copy of the certificate or update it if it is necessary.

Based on the weighted criteria, our partners are classified as follows:

ASSESSMENT LEVELS	
A 90 - 100	Excellent
B 80 - 89	Acceptable
C 70 - 79	Conditionally acceptable
D < 70	Unacceptable

We always communicate the results in writing, in the form of a supplier evaluation to our suppliers by the end of February of the year following the year under evaluation.

Supplier development

In the case of suppliers of automotive products or services, Paint-Plast reserves the right to carry out supplier audits at a pre-agreed time. During the audit, we check the compliance with this supplier manual and the operation of the quality management system and processes. It is reasonable to have the supplier checked if it has not an IATF 16949 certification quality management system, the number or severity of the complaints is justified or the result of the supplier's evaluation is inadequate. During the audit, a supportive attitude on the part of the supplier is expected.

If the supplier is the customer

Due to our position, in many cases the supplier is also a customer of our company. A typical case is where the customer of the painted product is also the supplier of the untreated part. In order for us to meet customer requirements, high-quality performance is indispensable. The customer expects us to deliver a high-quality product. For this purpose, it is essential for the customer to supply us with good products (materials). With a view to cooperation based on common goals, the guidelines and requirements laid down in this document also apply to products supplied by customers.

Approval of the supplier manual

This supplier manual has been validated by,

Contact name:	Position:
Representing the company:	Stamp of the company:
Date:	Signature:

Változás nyomonkövetés/ <i>Revision history</i>				
Kiadás/ <i>Revision</i>	Dátum/ <i>Date</i>	Változtatás oka/ <i>Cause of revision</i>	Változás leírása/ <i>Description of change</i>	Jóváhagyta/ <i>Approved by</i>
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