



Corporate Supplier Manual

GD-005 rev.01



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0 Business policy

The Huf Group with its locations as a supplier to the automotive industry faces stiff world-wide competition. Our customers judge Huf quality not only by the quality of the goods supplied. The overall assessment also covers reliability of deliveries, success with R&D, response behavior, flexibility and service. As well as meeting customers' requirements, customer satisfaction is also the result of the fulfilment of the customers' expectations.

This means that the term "Huf quality" applies to all Huf services and Huf activities which Huf, as supplier, provides to its customers. By doing so the required quality and the customer satisfaction is influenced to a great extent by the parts purchased from our suppliers.

Furthermore, we take our corporate responsibility for human rights and the environment very seriously. The declared aim is to design supply chains responsibly and to observe ESG standards such as the internationally recognized fundamental standards for occupational safety, health and environmental protection, labor and human rights.

To ensure constant development as a supplier for the automotive industry the Huf Group has defined long-term business objectives. We regard them as being valid not only for Huf but also want our suppliers to commit to them:

Customer Satisfaction,
Profitability
and
Sustainability

The attainment of these objectives requires a mutual knowledge of the processes and expectations relevant for collaboration. By means of this document we wish to reveal to our suppliers the relevant Huf processes and expectations as well as to ensure a quality strategy common to both Huf and its suppliers via minimum requirements of our suppliers' quality management systems.

In addition, we consider the prompt information of the partner if an agreement cannot be observed as a basic rule for cooperation.

0.1 Scope

This guideline is valid for all suppliers delivering production materials or services in these materials as well as the suppliers who have indirect influence on the product quality and



satisfaction of Huf customers. This also covers supplies within the Huf Group. This guideline has no bearing on any other Huf regulation. It also does not replace the requirements of the current valid release of the DIN EN ISO 9001, QS 9000, VDA volumes, EAQF, AVSQ, IATF 16949 and other customer standards, but is a customer-specific requirement in terms of the aforementioned norms.

In addition to the standards in this manual, enhanced regulations for detailed processes will be incorporated in special regulations.

This manual as well as enhanced regulations can also be found in our Partner Portal.

1 Corporate responsibility and sustainability

It is compulsory for the Huf Group to comply with legal requirements and environmental, ethical standards. The supplier undertakes to ensure that the legal provisions and internationally recognized standards for the protection of the environment, sustainability and respect for human rights, in particular prohibitions of child and forced labor and discrimination, regulations on minimum wages, safety and fundamental rights of workers as well as the provisions of our Code of Conduct are complied with throughout the supply chain of the contractual product. We have summarized our specific understanding of our social responsibility and sustainability in a Code of Conduct, available in our Partner Portal at <https://www.huf-group.com/de/supplier-portal>.

The Supplier confirms with the commencement of the supply that he complies with the principles defined herein and that he ensures that its subcontractors also act accordingly.

We are aware that our company bears the responsibility for its impact on the society and the environment. In regard to our Corporate Responsibility (CR) we are integrating besides economic aspects also ecological and business concerns in the business and the business activities as well as in the interrelation with our stakeholders. In doing so sustainable action is the basis of all further considerations and the basis for the implementation of CR.

We expect a similar understanding from our suppliers. At this point it should be noted that the degree of fulfilment of compliance and sustainability requirements is relevant for awarding contracts. Any non-compliance could lead to the escalation procedure described in section 12.2.5 and could escalate to "New Business on hold" status. Furthermore, Huf may initiate a supplier development action plan in accordance with section 13.2.6. at its consideration.

Provisions for the disclosure of business and ecological information and for the reporting about this will be respected, and we presuppose the same at our suppliers.

1.1 GHG Emissions (decarbonization)

A special focus in the context of sustainable action is the continuous reduction of emissions. The reduction of the absolute total GHG emissions (decarbonization) in the supply chains can be achieved, for example, by increasing the proportion of renewable energy generation or by



measures to increase **energy efficiency** and by implementing circular economy (reuse, secondary materials) aspects wherever possible.

We expect our suppliers to regularly check and optimize their CO₂ emissions, to pass this requirement on to their subcontractors and to report on resource consumption.

1.2 Land, forest and water rights and forced eviction

The Huf Group expects its suppliers to respect applicable local, national, international, and traditional rights concerning land, water, and resources. In particular, the rights of indigenous peoples and local communities shall be respected, promoted, and protected throughout the supply chain in accordance with the 'UN Declaration on the Rights of Indigenous Peoples'. They shall also refrain the unlawful eviction from land, forests, and waters or any unlawful deprivation of land, forests, and waters when acquiring, building on or other use thereof.

Our suppliers undertake to ensure that private or public security forces do not violate the prohibition of torture and cruel, inhuman, or degrading treatment, that those security forces do not endangered life and limb and that the rights of freedom of association are not violated.

We expect our suppliers to minimize any impact their operations may have on the environment and to use resources sparingly. Consequently, we expect our suppliers to avoid waste, reuse resources, recycle as well as to take into account the safe, environmentally friendly disposal of residual waste, chemicals and wastewater in the development, production, product service life and subsequent end of life recycling as well as in other activities. At the minimum, our supplier shall comply with applicable statutory provisions and authorities' requirements.

The Huf Group wants to ensure that corporate activities consider **animal welfare** as well. Therefore, we expect relevant suppliers that process animal products to implement standards and best-practice methods to comply with animal welfare along the entire supply chain. We also expect our suppliers to give preference to alternative methods that do not involve animal testing, except where required by law. In any case, the supplier shall follow the national and international rules regarding animal protection and animal testing, e.g. the German Animal Protection Law (TierSchG) or the EU Directive 2010/63.

1.3 Biodiversity, land use and deforestation

The Huf Group is committed to halting deforestation and the conversion of natural ecosystems in supply chains. We expect our suppliers to protect natural ecosystems and not to contribute to the changing, deforestation, or damage of natural woodland and other natural ecosystems. Where applicable, the guidelines of the High Conservation Value Resource Network (HCV) and the High Carbon Stock Approach (HCSA) are to be applied.

Regarding **soil quality and noise emissions**, we expect our suppliers to comply at least with the applicable legal regulations and the requirements of the local authorities.

1.4 Specific supplier certification requirements

An environmental certificate according to ISO 14001 is a requirement and will be expected by all direct production material or service suppliers of the Huf Group. In case supplier's



certification is not available at the time of nomination supplier has to commit to a time plan to achieve this certification level.

Additional certification standards like ISO 50001 (Energy Management), 45001 (Occupational health and safety management systems) are highly appreciated and has to be presented in Huf's Supplier Portal ASTRAS during the boarding process.

The CDP Carbon Disclosure Project program (www.cdp.net) is a generally accepted platform for recording resource consumption. CDP is a global non-governmental organization whose goal is to make energy and resource consumption transparent and to reduce it, thus counteracting climate change.

Furthermore, we expect from our suppliers that they meet also special legal requirements e.g., the handling of conflict minerals, requirements by the European Union supply chain due diligence act or UN Global Compact, despite of the fact if they are immediately concerned by corresponding laws or not. Depending on the meaning of these requirements we reserve the right to characterize them as "Special characteristics" according to chapter 3.3.

Upon our request, the supplier shall provide evidence of compliance with these obligations by procuring and submitting suitable documents. In addition, we are entitled to conduct On-site visit and audits at the Supplier's premises in order to monitor compliance with the above-mentioned obligations.

In addition, in the event of a suspicion of a violation of the obligations under section 1.11.1, the supplier shall immediately investigate possible violations and inform us about the conducted investigation measures and, in justified cases, disclose the affected supply chain. If the suspicion proves to be well founded the supplier must inform us within a reasonable period of time of the internal measures it has taken to prevent future violations.

Without prejudice to our further rights, we shall be entitled to terminate any contract in whole or in part without compensation if a breach of one of the above obligations occurs and efforts to remedy this breach are unsuccessful after expiry of a reasonable period of grace. We reserve the right to assert further claims.

The supplier must immediately terminate an infringement that has already occurred, or at least minimize it; if it has occurred in its supply chain, the supplier shall immediately influence the causer in its supply chain so that it terminates the infringement or at least significantly minimizes the effects of the infringement. The supplier shall inform us of the measures it has taken.

If the supplier is unable to end the infringement that has occurred in the foreseeable future, it shall be obliged to draw up a concept for ending or minimizing the infringement that has occurred, together with a concrete time schedule, and to coordinate this with us and implement it accordingly. The supplier shall be obliged to comply with the deadlines specified in the agreed schedule and to provide us with corresponding proof of implementation. We shall be entitled to demand that the supplier supplement the concept with further measures that we deem necessary; the supplier shall be obliged to include these supplementary measures in its concept, insofar as they are appropriate, and to implement them accordingly.



In case of potential irregularities related to compliance, corporate responsibility and sustainability topics information can be forwarded to the Huf Group by external and internal persons anonymously by using the hint box (<https://huf-group.hintbox.de>).

The supplier also undertakes to provide and disclose key figures and information that are required as part of our sustainability reporting.

1.5 Cyber security & data protection

The importance of protective measures against all types of cyber-attacks and threats requires ever stronger measures to guarantee the high level of protection required by law and our own interest in the continuation of operations. Huf complies with both the requirements of the law (GDPR, NIS-2 Directive, etc.) and the requirements of our own customers.

For suppliers of Huf, this means that they are obliged to report security incidents in the area of information security, data protection and IT security that could have an impact on Huf information, processes or products to Huf without undue delay. We have set up a reporting address for this purpose: cert@huf-group.com.

In addition, information protection appropriate to the protection requirement must be implemented, maintained and further improved in line with state-of-the-art standards. In particular, the security measures include backup and recovery procedures to ensure business continuity.

Huf's requirements for suppliers must also be passed on to cooperation partners and subcontractors within the supply chain and ensured by the supplier.

In order to provide evidence of suitable information protection and to ensure that availability requirements are met, a regular assessment of the implemented measures must be carried out, for example by means of a positive test result according to TISAX (Trusted Information Security Assessment Exchange), a comparable audit (NIST, ISO 27001, etc.) or the 'self-assessment' provided by Huf. Audit results must be provided to Huf at the beginning of the business relationship or updated and provided at least every three years. This information must be provided to Huf without being requested. The Huf participant ID for sharing TISAX audit results in the ENX portal is PVT6VL.

Further, more detailed rules can be found in the mandatory non-disclosure agreement (NDA).

2 Supplier management

The prerequisite for nomination as a supplier is the conclusion of binding contracts as the basis for the subsequent supply relationship.

Therefore, right at the beginning of a business relationship we will conclude with a non-disclosure agreement.



Furthermore, the Central Function Purchasing with selected suppliers negotiates contracts which, amongst other things, covers regulations on development and labor, warranty and liability as well as, quality assurance issues and operating capital regulations. These may be supplemented or extended by project-specific agreements.

In this context, we would like to point out that the validity of the procurement at Huf only applies to the respective functional area. Agreements with suppliers are therefore only legally valid with the signature of the respective functional area.

2.1 Supplier portal

Huf maintains supplier's portal ASTRAS through which communication and exchange of supplier performance data, certifications, quotations, specifications, and other relevant information for successful collaboration will be provided.

Login is required and can be provided on request by an invitation outside of the Huf purchasing organization.

For further details, see "FAQ Partner Portal".

2.2 Supplier approval

2.2.1 Supplier release – QM-system requirements

The supplier's reception and release are concluded by the Central Function Purchasing – Supplier Administration/ Supplier Excellence. For an inclusion in the supplier list the supplier must run through the following process:

1. The supplier has to hand over a self-disclosure via Huf ASTRAS supplier portal on the basis of the Huf questionnaire including confirmation documents (e.g., quality, environmental certificates).
2. The signing of a non-disclosure-agreement by both parties.
3. The submitted documents will be checked by Huf.
4. The submitted Huf contracts are checked and signed.
5. If necessary, a potential analysis will be carried out (based on VDA 6.3 standard), depending on both the result of the self-disclosure and also on as well as to the importance and the complexity of the product portfolio.
6. Huf decides on the approval of the supplier based on the self-disclosure of the contract documents, the economic stability of the supplier, known risks and potential analysis if necessary.

The company language within the Huf Group is English. Especially International projects will be documented in English. Therefore, we expect the supplier to be able to communicate in English (both written and spoken) within all communicative departments such as Sales, Quality, Product Development and Logistics.



2.2.2 QM-system supplier for direct materials or services supplied

The supplier maintains a quality management system to IATF 16949, certified by an accredited certification body. He will maintain and develop this system in accordance with the acknowledged state-of-the-art and requirements of the automotive industry. If the supplier does not have certification to IATF 16949 he must at least present a certificate to DIN EN ISO 9001. In this case Huf reserves the right to carry out additionally an audit to VDA 6.3 or other customer-specific requirements with an A-grading / Green-grading as minimum to ensure compliance with specific automotive requirements. The costs for this higher qualification through Huf Audits will be negotiated with the supplier. Existing audit results of other OEMs or 1st tier suppliers may be considered. Through these audits Huf will satisfy itself that the supplier can meet the requirements of IATF 16949 within a reasonably short period.

Certificates always have a limited validity (normally 3 years). Unsolicited, the supplier must therefore send new or extended certificates to Huf ASTRAS supplier portal. Huf must be informed immediately if a certificate is revoked or changed. Missing certificates will lead to a medium-term loss of approval at Huf and a direct blocking of new orders (New Business on Hold).

The supplier is obligated to the zero-defect-target and must continuously optimize his performance to this effect. "Zero-defects" means: no faults (complaints) and no erroneous parts. The following items must be considered when developing and implementing measures for continuous process improvement:

- Increasing the process capability by reducing dispersion
- Increasing productivity
- Centering processes
- Reducing the testing frequency
- Avoiding rework and scrap
- Complaint & field failure analysis

2.2.3 QM-system sub-supplier

In his QM-System the supplier is obliged to define the management of his sub-suppliers and to oblige them accordingly. This applies to all sub-suppliers as per the supplier guidelines. The minimum requirement for the sub-suppliers should be a QM-System according to the current valid release of the DIN EN ISO 9001.

Huf may ask the supplier for supporting evidence showing that they are convinced of the effectiveness of the QM-System to his suppliers. Furthermore, Huf may ask the supplier to present written evidence of his sub-suppliers' documents relating to testing and other quality aspects. At Huf request visits to confirm the accomplishment of this requirement can be required.



2.3 Tooling, production and testing equipment from Huf

If Huf makes tooling and testing equipment available to the supplier, he must integrate them into his quality management systems as if it was his own if nothing other was agreed. Proper usage, maintenance, and marking / labeling according to given specifications must be ensured by the supplier.

Huf expects from supplier Total Productive Maintenance (TPM) processes which includes preventive information to Huf like tool status report.

Upon request Huf can ask for tool pictures or maintenance records evidence.

2.4 Product Safety Officer

The supplier is after boarding to ASTRAS supplier portal, obligated to provide product safety officer contact and to update it. This product safety officer must have the proper training and the certificate must be uploaded onto the Huf ASTRAS supplier portal. Likewise, the supplier must demand the appointment of a product safety officer in his supply chain.

2.5 Supplier Portfolio

For each material group in the supplier portfolio, the Huf Purchasing Department defines the approved and preferred suppliers with whom Huf intends to work in future business. Important criteria for this are the performance of the supplier with regard to development, production, purchasing, his international orientation, his economic stability as well as ongoing performance. Differentiation criteria with special value for Huf will be of particular interest.

2.6 Audits at the Supplier and the Sub-supplier

Occasionally and with advance notice Huf will perform system audits, process audits and product audits at the supplier. The supplier is obliged to implement the measures defined and agreed during an audit. Huf reserves the right to review how these are dealt with.

Huf also reserves the right to audit sub-suppliers together with the supplier once a date has been agreed, especially if the subcontractor has caused any quality falloffs.

In special cases, e.g., because of customer complaints, audits may be carried out with the involvement of our customer.

In such a case the supplier is not released from his obligations towards Huf and the sub-supplier. It is his task to define together with his sub-supplier the necessary quality assurance actions and to monitor their efficiency. Huf will provide functional assistance if desired.

Reasonable restrictions taken by the supplier to safeguard his trade secrets will be accepted.

Supplier is responsible for the submission of the self-assessment for the applicable CQIs depending on the nature of their process, this information must be uploaded in document



section in Huf ASTRAS supplier portal on yearly basis, Huf will check it during audits at suppliers site.

2.7 Awarding of Contracts

As preparation for the awarding of a contract the Purchasing Department will normally issue an inquiry via ASTRAS supplier portal. Huf expects its suppliers to provide a certificate of production, price optimization proposals and measures to increase robustness. Similarly, the supplier must point out upstream potential risks from the supplier chain, including potential improvements.

In particular, the supplier must examine the long-term availability of electronic components or assemblies upstream. Where there are no other requirements, the following maturities may be assumed: 7 years of serial deployment + 15 years of spare parts.

After receipt of the respective offers (incl. confirmation of feasibility and capacity) and after any possible clarifications and negotiations have been completed the Huf Purchasing Department will decide in multidisciplinary "Sourcing Board Committee" about the awarding. Here the following criteria are of prime importance:

- The offer must be competitive and suitable.
- The supplier must be approved according to Huf requirements
- The supplier must not be classified as "New Business Hold" as well visible in Huf ASTRAS supplier portal.

The degree of compliance with sustainability requirements can also be relevant for awarding contracts.

The supplier gives Huf the respective production location for own production as well as that of subcontractors, if applicable.

The finalized nomination will become valid with the signatures on the "Supplier Nomination Contract".

2.8 Supplier Monitoring

The performance of the supplier will be monitored and evaluated for **production material suppliers** on monthly frequency and for **non-production material suppliers** on annual frequency. The evaluation of the Huf Group is based on common standards. The following criteria will be used:

- Logistics (e.g., handling of plan schedules, handling of advanced shipping notes, labelling, special transports, incorrect deliveries, delivery performance)
- Quality (e.g., delivery quality, number of complaints, handling of complaints, solving problem effectiveness and quality of 8D report received)
- Yard Holds / Recalls (Irregularities which lead to a potential risk of production stops)



The individual criteria will lead to a traffic light evaluation (green, yellow, red) and signify the relevant Huf Companies' level of satisfaction with the supplier.

The results of the evaluation will be provided via Huf ASTRAS supplier portal to the supplier accordingly. They will also be the basis for any supplier development activities deemed necessary. The supplier is obliged to check their performance on a monthly basis without any notice from Huf to track performance and in case of deviations initiate immediately an action plan to improve their performance.

2.9 Supplier escalation procedure

As part of supplier monitoring, Huf has established an escalation procedure, which means that based on the supplier performance different reactions take place, regarding significance of an incident by Huf or his customer.

The supplier can take the current escalation level from his monthly performance overview in the Huf ASTRAS supplier portal.

The escalation levels are structured as follows:

Level 0	Normal performance
Level 1	Warning, further escalation threatens if no improvement occurs
Level 2	Deviation requires a process audit or other action defined by Huf
Level 3	Supplier development, signs of failure of the supplier's QM system (e.g. errors over several products, repeat errors, extraordinary risk of supply interruption...)
Level 4	Top Management Meeting, serious failures, strong disruption of cooperation, involvement of the management of the supplier required, OEM escalation
Level 5	New Business Hold, the supplier is blocked for all new orders of the Huf Group

Level 0-2 are Huf location-related performance indicators, from level 3 the validity is group-wide.

2.10 Supplier Development

Huf's performance depends greatly on the performance of its suppliers. Therefore, Huf expects to see improvements at the supplier and supports relevant measures or programs. In individual cases Huf itself will initiate such activities after recognizing and identifying potential for improvement. This will particularly apply to those suppliers with negative figures in the monthly analysis. Huf will then initiate the following process:

1. A target for the supplier development process must be agreed between Huf and the supplier.



2. Measures to achieve this target must be defined in a detailed action plan and agreed between Huf and the supplier. Defining measures allows for target-orientated monitoring of the target achievement.
3. The supplier is responsible for the implementation of the agreed actions on time and update to Huf regularly on the level of implementation.

The process will be finished when the target is achieved, and this is confirmed by Huf.

3 Product and manufacturing / process development

3.1 Project Management

Huf follows the approach of involving the suppliers as soon as possible in new projects and asks the supplier to use a structured project management at his own responsibility in the planning stage for products, workflows and other trans-sectoral tasks. Upon request Huf must be allowed to see the project timetable.

Each Huf and the supplier have to nominate a project manager; the supplier and Huf must be notified of any change.

If the customer asks Huf to use certain advanced quality planning instruments (e.g., forms, programs or systems) the supplier has to use them if requested to do so by Huf.

3.2 Specifications

As in the offer phase, especially during and after the awarding of the contract, Huf has to make complete details of the product or other specifications available to the supplier in good time. On the other hand, the supplier has to check all documents immediately upon receipt to ensure that they are complete and consistent and confirm the feasibility to Huf, in case of any discrepancies or deviation from specification Huf must be advised in timely manner. If no objections are raised it will be deemed that the supplier has accepted the specifications.

Specifications are increasingly being sent by electronic means. This applies particularly to CAD-Data. In accordance with our security guidelines the documents are encoded before being sent.

3.3 Special characteristics

Special characteristics demand special attention as deviations from these characteristics may affect, most notably, the product's safety, durability, assembly capability, the function or the quality of successive production or assembly processes or may even contravene legislation.

Huf defines these characteristics in the relevant documentation and/or they result from the risk analysis of the supplier. The supplier is expressly obliged to work actively on the selection and



definition of the special characteristics and the security-relevant attributes defined by Huf or the ones that might result of their own production process risk analysis if necessary. The special characteristics must be marked in all relevant product and process documents e.g., drawing, FMEA, risk analysis, working plans, test plans and production control plans.

The presentation of the special characteristics in the drawings is described in the Huf norms:

- Characteristics with special proof / parts with special requirement for documentation: see HN 613 “Identification of features for mandatory documentation in drawings”
- Functional and process relevant characteristics: see GD-038 Attachment Special Characteristics (Guideline for suppliers).

For all special characteristics marked on the drawings a complete verification management of the requested process capabilities and inspections as well as of the delivery documents is necessary. In some cases, Huf can request the supplier to submit such information.

3.4 APQP Process

Awarding of contracts to suppliers and the subsequent product and manufacturing process development at the supplier are normally part of an extensive project at Huf and its customers. Because of the manifold dependencies it is of utmost importance for Huf and its project management to gain an overview of all important steps at the supplier and to intervene with revisions if necessary.

For this Huf uses ASTRAS supplier portal tool for APQP (Advanced Product Quality Planning) where all active suppliers will have access to their protected area inside the partner portal. Following an order transaction the buyer responsible will initiate an APQP process and inform the supplier by email or order about this. The general Login for ASTRAS is necessary to get access also to APQP. The buyer will classify the affected part as follows:

Category 1:

The product design is developed by the supplier.

Category 2:

The product design is developed by Huf, but the part is classified as critical.

Category 3:

The product design is developed by Huf, and the part is classified as non-critical.

Furthermore, purchasing responsible will define important milestones and the reporting frequency consistent with the project timetable.

The supplier must complete APQP activities in ASTRAS supplier portal. Relevant project milestones and timelines will be handled via this platform between Supplier and Huf.



In addition, if problems arise or deadlines are moved, Huf expects to be notified in writing immediately, the supplier must develop an action plan with activities, responsible persons, and due dates to avoid jeopardizing the project.

Huf will verify the information of the supplier to ensure that Huf and customer' requirements are met. If necessary, we have to initiate suitable measures e.g., process audits or visits. Huf reserves the right to pass the cost related to these measures to the supplier.

3.5 Logistics

The supplier has to ensure that the products will remain to specification during his internal processing until they are shipped to the final destination. Therefore, he has to consider requirements for labelling, handling, packaging, storing and protection.

The supplier also plans suitable means of transport to avoid damage during the manufacturing process until the risk has passed.

In any case the **Corporate Supply Chain Manual** of the Huf Group (available in our Huf ASTRAS supplier portal) shall apply. Provided that no different agreement was expressly entered.

3.6 Contingency planning

For processes where disturbances may lead to an interruption of the supply capability, an emergency supply strategy must be defined and sent to Huf as a contingency plan with detailed activities, responsible persons and response times. This is especially relevant for machines, tooling and equipment which are available non-redundant. Practicable safety stocks must be negotiated between Huf and the supplier.

3.7 Prototypes

For development and testing of our products only top-quality parts to specification are used, therefore knowledge of actual values of the product characteristics is necessary. Essential process changes during the production of the prototypes must be notified to Huf in advance. Additionally, the product characteristics defined as per Huf Standard GD-038 Attachment Special Characteristics (Guideline for suppliers) must be 100% checked and documented in a test report by the supplier for prototypes and pre-series shipments, until the sample submission of the purchased part is approved. If necessary, Huf will arrange an enlargement of inspection and an extension of the documentation by additional characteristics with the supplier. In some cases, Huf will also demand a confirmation and evidence of the process capability.

The documentation has to be assignable to the parts, i.e. the actual state of the supplied parts must be easy to comprehend at all times. An appropriate marking of the parts, the packaging units, the packets, and the delivery documents has to be ensured. Any guidelines of the Huf Companies must be considered.



3.8 Tool Release

Tool release at the supplier results from Initial Sample Inspection with sample parts produced under series conditions.

Tools ordered by Huf are marked as the property of Huf (or OEM) unless specified otherwise. Huf also acquires the tool design data and other components included in the price, e.g., specific software including source code. Huf will demand upon request tool pictures including the tag.

3.9 Product-/Production Release – Initial Sample Inspection

Initial Samples are products which are produced and tested under series conditions (machines, plants, operating and inspection device, processing conditions).

3.9.1 Reasons for Initial Sample Inspections

An Initial Sample Inspection is generally required in the case of:

- New product
- Change of part, material, process, or tool
- Changes to drawings or specifications
- Relocation of production
- Change of sub-supplier
- No supply for more than one year
- Deviations from requalification

A sample submission may also be necessary, if as result of the quality supplied and the extent of quality issues, Huf asks the supplier to submit new proof that he is able to supply products which conform to specification.

3.10 Standard Requirements

As the customers and projects are from different countries Huf normally requires the sampling procedure to be based on VDA 2 Securing the Quality of Supplies – Production process and product approval (PPA), all the information submitted must be in English.

Range and kind of documentation depend on the agreed submission level and customer specific requirements. This will be notified to the supplier within the order and is valid for later initial sampling initiated by the supplier, too.

By proper identification (e.g. labeling, numbering) of the first samples and a suitable reference of the test results to the drawing characteristics the traceability must be ensured.



3.10.1 Process of Initial Sampling for Serial Production

Normally Huf initiates the initial sampling process (PPA activity) after the order/nomination in the Huf ASTRAS supplier portal. This also indicates the nature and extent of the initial sampling.

The initial sampling indicates the conformity of the supplied products as per the order and the suppliers present this to Huf without any deviations from the standard requirements are noted on the corresponding order. The supplier considers any activities necessary to achieve the requirements.

The supplier must upload all information and documents necessary depending on PPA level to grant the approval. Information must be reported on time to avoid jeopardizing project SOP.

3.11 Material restrictions

It is a worldwide goal of the environmental legislation to minimize negative environmental influences from cars throughout their total lifespan. For example, the use of diverse metals is prohibited.

To simplify the use of the varied legal regulation in terms of substances, the automotive industry created the Global Automotive Declarable Substance List (www.gadsl.org). Huf treats the specified restrictions on substances and the duty of declaration in this list as binding and requires the compliance also from all Huf suppliers.

Furthermore, the substance restrictions according to the EU directive 1907/2006 (REACH) have to be considered. These substances must be avoided in new developments. If this is technically not feasible a consultation of material-compliance@huf-group.com is required.

In addition, for other legal developments (e.g., TSCA from the US), the supplier must comply with due diligence in order to avoid any subsequent materialization.

Legislative material discontinuation must be immediately notified via the following email address: riskmanagement@huf-group.com / material-compliance@huf-group.com

4 International Material Data System - IMDS

The automotive industry has created the International Material Data System (www.mdsystem.com) for the simplification of the appropriate documentation of the ingredients. Huf requires its suppliers to input the necessary data, according to the parts revision, directly into the internet-based IMDS-System (www.mdsystem.com). This should be done as quick as possible. We will inform our suppliers if our customer requires the IMDS data entry within a fixed period. A correct IMDS data entry is the prerequisite for product release.

Please also note the Huf Corporate Supplier IMDS Manual, which can be viewed in our Partner Portal at <https://www.huf-group.com/de/supplier-portal>.



5 Storage, Preservation and Transport

Raw parts, purchased parts from sub-suppliers and in-house production parts must be stored, handled, and transported in a manner that prevents damage and contamination (also from packaging). If preservation is required, this must be discussed and agreed between the supplier and the Huf receiving plant. To avoid batches from being mixed and to allow traceability, products must be stored and shipped on a “first in first out” basis and with the batch number marked on the container.

6 Supplier Quality and Product Reliability

In general series production deliveries are only allowed if the initial sample submission was successful. The supplier is responsible for supplying top quality parts meeting specifications. Huf expects from its suppliers that the series supply corresponds to the approval level of product and process.

The supplier checks according to the control plan using methods suitable for quality monitoring (SPC). Test and measuring equipment must be verifiable, capable of checking the characteristics defined in the production control plan. Huf reserves the right to approve the supplier’s control plan. If so required Huf must be allowed access to all quality records according to the control plan.

If proof of process capability is required, this must be reported on regularly as discussed and agreed with Huf. If the process capability of $cpk \geq 1,67$ is not achieved, the supplier must implement improvement actions immediately. A 100% check on the respective characteristics is required until it is possible to provide proof of process capability. If agreed with Huf, the temporary use of additional or other testing methods is permitted.

7 Incoming inspection at Huf

Huf checks the incoming goods only in respect of quantity, identity number and obvious transport damage as well as checking that agreed test reports have also been received.

If a defect is found, Huf informs the supplier immediately. Defects not found during the incoming goods inspection will be notified to the supplier as soon as they are detected during normal business.

8 Identification and traceability

The supplier is obliged to mark the product using suitable means so that it can be clearly identified during the whole product process from raw material to delivered product. This requirement also applies to the product status in relation to monitoring and measurement requirements. The labelling on packed goods must also be readily identifiable during transport and storage.



Markings directly on the product itself will be specified and agreed between Huf and the supplier.

In the event of damage or loss, traceability right back to the raw material serves to minimize damage. Traceability should be carried out in a practicable way incorporating production processes at the sub-supplier.

A clear link between products and their production batch as well as their inspection batches incl. quality records must be ensured.

Mixed batches are basically not permitted. In the case of deviation or non-specification products it must be possible to restrict the number of affected parts.

Beyond the batch restrictions traceability is generally expected back to the production day.

Especially for products and characteristics where special proof is required, the securing of the traceability beyond the batch restriction must be guaranteed right back to the production day/shift. Sub-suppliers must also implement traceability controls to ensure it along the supply chain.

9 Deviation permit/approval

In exceptional cases Huf permits the supplier to deliver products which are not according to the specification. This deviation concession, which must be in writing, always relates to a defined delivery period, to a defined volume of parts or to a defined batch. Deliveries with a deviation concession must be labelled clearly with reference to the deviation concession granted.

The supplier must always submit the application for a deviation concession to Huf in good time before scheduled delivery. Delivery of non-specification products without a deviation concession is not permitted and will lead to a complaint.

For a deviation concession to be granted, there must be strict compliance with the following conditions:

- The deviation must not affect the function or performance. Data and test results which confirm this must be available at Huf.
- The deviation does not significantly affect sub-processes or subsequent production processes including assembly processes at Huf's customer.
- Measures are introduced by the supplier to prevent the recurrence of this deviation within a detailed action plan with activities and deadlines.

The granting of a deviation concession by Huf does not mean that the supplier's products are free from defects regarding the approved deviation. If defects occur the liability claims of Huf follow the contractually agreed specification.



10 Faulty Products

A “faulty product” does demonstrably not meet the defined requirements. In this case the product is defective.

The supplier must inform Huf immediately via self-notification if defects and suspect deliveries are found. Huf also expects to receive advance information if it is likely that quality agreements reached cannot be met. The supplier must ensure timely replacements for defective or suspect goods to prevent production downtime or line stoppages at Huf or at OEM.

As soon as a defect appears Huf has to submit a complaint, the supplier initiates a root cause analysis and implements consequential corrective actions. If defective products have already been shipped to Huf, the supplier is entitled to an after-fulfilment. If Huf’s complaint is so required, the supplier must immediately implement containment actions, in any case the deadlines provided by Huf have to be met. Otherwise, and/or in particularly urgent cases, Huf may pass on the necessary measures at the supplier’s expense (e.g., costs for rework and sorting, expedited shipments) to limit damage. The supplier must immediately inform all Huf Plants which are affected by the NOK shipments.

The supplier is responsible for carrying out an immediate check on suspect stocks at Huf and at his own premises. Therefore, the supplier has to ensure that sorting / reworking method is standardized and approved by Huf, and only qualified and trained personnel are assigned to do this. Inspected / sorted goods must be clearly marked, mark must be agreed with Huf.

For every issue raised by Huf, regardless of where it is discovered (incoming inspection, production / assembly process, customer) Huf requires that the supplier employs the 8D method to ensure a structured problem-solving process defining causes for occurrence, detection and systemic. A 5 Why for each cause (occurrence, detection and systemic), and an Ishikawa analysis have to be submitted. If possible Huf makes the rejected goods available to the supplier, the supplier must communicate to Huf the disposition for material rejected in a timely manner. Huf requests that the 8D report is submitted within the agreed time. The supplier defines, verifies, implements, and validates the required corrective actions and verifies the effectiveness. Huf reserves the right to verify the corrective actions on site at the supplier or sub-supplier wherever the problem occurs.

In addition, Huf also reserves the right to ask the supplier to carry out additional 100% checks for an agreed period of time.

In case of reoccurrences the supplier can be required to implement controlled shipping levels depending on the severity of the issue and upon Huf request, until effectiveness of corrective actions is demonstrated.

11 Product/process changes

The procedure for approval of product and process changes is, in principle, equivalent to the Initial Sample Inspection procedure. The relevant submission level depends on type, extent



and significance of the change and is coordinated by Huf and the supplier. In any case, the reason for the sampling must be announced to Huf and stated on the PPAP documents.

12 Broker Buys

Broker is a non-producing agent company that sells parts from manufacturer intermediary out of an existing stock level usually with limited liability and unknown part history.

For any reason a broker buy needs to be taken into consideration, the supplier has to ask for an official approval before such components can be considered in coverage planning or for production usage.

The supplier has to include Huf in the whole process of risk evaluation of such components to define protection activities like validation or verification activities according to the Huf Broker Buy Check List.

13 Product/process change by Huf

If Huf or our customers request product or process changes, Huf sends an order to the supplier. Huf sends the supplier respective specifications for manufacturing feasibility assessment and quotation preparation.

14 Product/process change by supplier

Product changes can, for example, be changes of the further product development for quality improvement which has been initiated by the supplier.

Process changes are as follows (list is not exhaustive):

- Production process change
- Production flow change including local relocation of production equipment
- Change or replace of production equipment and tools
- Change in test procedure or use of different test equipment
- Relocation of production lines or tools
- Change of the production location
- Change of sub-suppliers
- Use of alternative materials or components

If the supplier requests product or process changes, Huf must be informed in writing at least six months before implementation.

The supplier and the relevant purchasing department discuss whether the intended change is permitted, and which approval requirements have to be met. The minimum requirement, in any case, is always a cover sheet submission which documents the change.



Product / Process changes incl. changes at the sub-supplier may only be made in the series production process if the approval requirements discussed beforehand with Huf are met.

The supplier is wholly responsible for direct or indirect damage to the product if product/process changes are made which have not been agreed with or not approved by Huf.

If Huf incur costs owing to the changes initiated by the supplier, it shall be borne by the supplier. In particular, expenditure on the modification of documentation or testing and qualification costs resulting from the release of the product.

15 Product or raw material discontinuations

In the case of discontinuation of electronic components, assemblies or raw materials such as plastics or varnishes (Part Termination Notice process), Huf must be informed as soon as possible and at least 15 months before discontinuation. This information must be sent in writing, along with the Huf part number to the following email address:

Electronic components: PCN-Info@huf-group.com

All other parts: riskmanagement@huf-group.com

This does not relieve the supplier of its supply obligation. The supplier will take appropriate safeguards at his expense to meet this supply obligation. Planned quantities can be requested by Huf.

16 Requalification

The supplier must ensure the product-related compliance with requalification requirements to the current valid version of the IAF 16949. The product must be completely checked as agreed with Huf and documented in the production control plan. Requalification must be confirmed on a yearly basis in terms of dimensions, material, and functions. The overall results must be made available on request to Huf immediately at the end of the requalification.

The requalification process is handled via ASTRAS portal to each supplier, where activity must be confirmed and requalification plan including all part numbers supplied to Huf has to be submitted in document section.

17 Preventing and predictive maintenance

To safeguard supply capability at any time, the supplier must develop and maintain a preventive maintenance system for the production equipment. Maintenance frequency must be specified and implemented by the supplier on a consistent basis.

The supplier is responsible for implementing a robust system to monitor tool number of shots. If a follow up tool is necessary, supplier has to inform Huf in time, at least 6 months in advance to complete all necessary diligences for tool refurbishment or replacement.



18 Risk management

Huf expects its supplier to ensure active risk management in relation to its own processes and subcontractors involved with the aim of ensuring a smooth production and supply process. These include, among others, the conclusion of appropriate contracts with suppliers and knowledge of the supply chain, in particular the production sites of materials.

As part of the product development process, potential risks in the supply chain should be identified and measures taken if necessary. In general, we expect the supplier to fulfill specific requirements on Emergency plans acc. IATF requirements.

Huf must be presented with such information upon request.

In addition, Huf must be alerted about any expected disruptions to the supply chain, using the following email address:

riskmanagement@Huf-group.com

19 Product-specific Software

Suppliers supplying products or components with integrated product-specific software must have a well-maintained quality assurance process of their products in place. Analogue automotive SPICE, minimum Level 1. On specific Project- or Product requirements Huf expect to maintain up to Level 3. Upon request, Huf must be presented with self-assessments.

20 ERRATA related electronic products

The supplier has to inform about known failure constellations in typical used applications in form of an "ERRATA SHEET".

Huf expects the supplier to automatically notify Huf via Email PCN-Info@huf-group.com.

21 Retention periods and archiving

In general documents, quality records and reference samples must be retained for 15 years.

The archiving period for specifications as well as for records and documents incl. reference samples for process and product approvals (e.g., PPAP) begins with the delivery of the last product, which has been described in these documents, or after a document has been updated.

For quality records from the production phase the archiving period begins with the delivery of the product to which the records for the product and relevant process relate. The archiving period for spare part quality records after series phase-out begins once spare part production has ended.



With regard to the statutory periods of limitation for product liability claims it is recommended that documents be retained for longer periods (up to 30 years), especially Documents with Special Archiving (DwSpA).

DwSpA are defined as per VDA Volume 1 “Quality Evidence – Guidelines for the Documentation and Archiving of Quality Records” with regard both to statutory provisions (e.g., for safety critical characteristics) and customer and/or Huf requirements. All DwSpA are identified in Huf drawings to Huf Standard HN 613 “Identification of characteristics for mandatory documentation in drawings”.

These regulations do not replace any individual agreement between the supplier and Huf or any legal requirements.

Archive areas must be safeguarded against unauthorized access and must provide adequate protection from water and fire. All relevant requirements to VDA Volume 1 “Quality Evidence – Guidelines for the Documentation and Archiving of Quality Records” must be taken into consideration.

22 Special Guidelines – Huf Standards

- HN 613 „Identification of characteristics for mandatory documentation in drawings”
- GD-038 “Attachment Special Characteristics (Guideline for suppliers)”
- HN 999-1 “Requirements for Chromium (VI)-free Corrosion Protection Systems”



23 List of literature

Standards

- IATF 16949
- ISO 9001
- VDA Volume 1, 2, 4, 5, 6 (Part 1, 3, 5)
- QS 9000

Internet Links

- www.ts16949.com
IAFT 16949 Information
- www.qs-9000.org
QS 9000 Information
- www.vda.de
VDA Information
- www.vda-qmc.de
VDA and IATF Information
- www.aiag.org
QS 9000 and IAFT 16949
Information
- www.fiev.fr
FIEV Information
(French Automotive Manufacturer)
- www.anfia.it
ANFIA Information
(Italia Automotive Manufacturer)
- www.smmmt.co.uk
SMMT Information (Great Britain)
- www.mdssystem.com
IMDS Information
- www.gadsl.org
GADSL Information

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Approval

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