



Supplier's guide

Production Manager

Petr Hauk

Purchasing Manager

Marek Lacina

Quality Manager

Rostislav Jelínek

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Qualitative requirements

1. Introduction

This guide on quality assurance is the contractual provision of technical and organizational framework conditions between customer and supplier.

2. Purchasing policy

Changing and growing demands from customers on their suppliers require the highest flexibility and readiness to contribute to meeting the requirements quickly and creatively from our suppliers. Supplier's supplies and services must fully meet all contracted and legal requirements. Preventing the occurrence of defects requires strict adherence to quality plan and effective control of serial production. The suppliers undertake to supply perfect products only. The suppliers undertake to fulfil the specific requirements of our joint customers (for VW Formel Q, VDA, etc.).

3. Requirements on supplier's management system

Suppliers agree to build a quality management system and demonstrate it by a certificate that must meet at least the requirements of EN ISO 9001. The supplier must aim to build and certify the quality management system according to ISO/TS 16949 or VDA 6.1. If the suppliers do not have a certified system, they undertake to act in accordance with ISO/TS 16949.

3.1 Parts with special D/TLD characteristics

Part of the documentation responsibility includes the so-called critical characteristics. They have a direct link to a safe function of a product or legislation. These special characteristics must be taken into account by the supplier. It includes their incorporation into appropriate documents (e.g. drawings, inspection plans, etc.) and record documentation. It is necessary to ensure flawless assignment of record documentation to supplied batches or individual products.

As for the safety signs, all documents that fall under these requirements must be kept for 15 years after the production range.

VW Group requires the suppliers to carry out the self-audit of documentation management of D/TLD parts according to the methodology of Formel Q Eligibility. HAUK s.r.o. suppliers, who this requirement applies to, are required to carry out this self-audit once a year, archive its results for 15 years and provide the results on demand.

In the event of liquidation or insolvency, HAUK s.r.o. is entitled to obtain all documents on products supplied to HAUK s.r.o. if the prescribed archiving period is not expired.

The suppliers will allow HAUK s.r.o. to check compliance of accurate documentation and consult all the relevant documents and copies anytime.

3.2 Product safety representative

The supplier must appoint a product safety representative (PSB) whose powers are defined in 'Duties of product safety representatives'. The name of this person, including a contact phone and email, must be reported to the HAUK s.r.o. Purchasing Department and immediately inform the company in case of changing this person without being asked to. If the supplier delivers a D part, they must also appoint a deputy representative for PSB.

4. Auditing of suppliers

4.1 General

The supplier may be requested by HAUK s.r.o. to submit process self-audit in accordance with the Formel Q Eligibility. If the final customer is VW Group, the supplier is required to carry out this process audit once in 12 months. If the process audit result is C or (twice) repeated B, the supplier shall inform HAUK s.r.o. without being prompted, and an escalation procedure can be expected from HAUK s.r.o.

HAUK s.r.o. reserves the right to conduct audits of suppliers within the requirements of ISO 9001 and ISO/TS 16949 or VDA 6.3. The suppliers should provide the best possible support to HAUK s.r.o. Opportunities for such an audit may be in particular:

- selection/evaluation of new suppliers;
- problems with product or supply quality in serial production;
- requirement of our customer;
- HAUK s.r.o. internal company requirements.

The suppliers agree to timely remove deviations contained in the Audit Report, and to inform HAUK s.r.o. about the way, time and realization of removing the deviations through e.g. the Improving Programme. If the audit result is C, HAUK s.r.o. will do re-audit at the supplier's.

Audit result $\geq 90\%$	A mark – qualitatively eligible
Audit result $\geq 80\%$ to 89%	B mark – conditionally qualitatively eligible
Audit result $\leq 79\%$	C mark – qualitatively ineligible

To maintain company competitiveness, the process audits according to Formel Q are not required from suppliers who supply material for a one-time order and suppliers with annual purchases of less than or equal to CZK 100,000 and suppliers nominated by the customer that are controlled by the customer.

4.2 Nomination of suppliers

For new suppliers or suppliers already supplying to HAUK s.r.o., a 'nomination' in the form of letters of nomination is done. This decision is received through the purchasing, quality control, logistics and development department.

Materials for business relationship are formed by a frame agreement or other documents concluded by the HAUK s.r.o. Purchasing Department.

4.3 List of approved suppliers

By concluding the framework agreement, the nomination letter or orders, the suppliers are included in the list of suppliers.

Reasons for large or partial blockage of a supplier can be:

- not meeting the quality and logistics requirements;
- poor fulfilling of system requirements;
- inadequate response times;
- considerable quality deterioration.

4.4 Warranty

HAUK s.r.o. points out that the suppliers will be burdened with the costs of defective products within warranty of their responsibility which are identified by our joint customers. For this purpose, the suppliers will be informed immediately after finding the costs attributable to them.

4.5 Continuous improvement

Continuous improvement must be part of a quality strategy of every supplier. HAUK s.r.o. expects suppliers' active cooperation on continuous improvement procedures, processes and products in order to continuously improve the entire system. The results of continuous improvements need to be approved as cost savings or quality improvement.

5. Prototype, pre-series and series quality assurance

5.1. General

Part or process development requires time planning and realization in cooperation with HAUK s.r.o. project team according to the requirements of final customers.

The suppliers will provide a required number of skilled workers.

5.2 Preliminary planning of product quality

Preliminary planning of product quality will be conducted in accordance with VDA 4.3 (APQP).

5.3 Specifications/drawings

Suppliers undertake to:

- procure and comply with legislation, all specifications, technical requirements and standards as amended;
- procure and fulfil technical requirements;
- establish special characteristics and necessary parameters for process eligibility (see 5.7) or in agreement with HAUK s.r.o. quality planning;
- highlight missing information (e.g. specifications, standards);
- highlight the incompleteness of documentation at the appropriate point in the purchase.

Component and/or complete, assembled component shall comply with the relevant test specifications. In the event of not meeting the test specifications, for tests carried out by the supplier and by the customer, changes with neutral costs must be incorporated in a component. Tests, assigned to the contract receiver in the Technical Specification, shall be done until the test specifications are met at the expense of the supplier. The supplier must submit regular tests and proof of control forces.

5.4 Process flowchart

Already at this stage, the supplier must plan in detail the flow of material up to the final product, incl. all manufacturing and inspection steps, and represent this procedure in a flowchart form. This flowchart must be submitted on request to \geq HAUK s.r.o. for inspection.

5.5 FMEA

To ensure the production of a product, a process FMEA should always be carried. It is done in accordance with VDA 4 or QS 9000. The FMEA must be a 'live' document that will continuously take into account any potential complaints from customers. The FMEAs must be submitted on request to HAUK s.r.o. for inspection.

5.6 Planning of tests and checks of prototypes and pre-series

Based on all supplied specifications (drawings, technical specifications, requirements on part), the supplier shall develop a term plan of tests and checks in various phases of projects, taking into account the feasibility and importance of these tests in various phases of the project. This plan is subject to approval by HAUK s.r.o. and must be submitted updated at agreed intervals.

This submission must include protocols of already realized tests and checks that must contain all the prescribed requirements, incl. decision accepted – failed. Tests and checks that the supplier cannot do in their own company will be carried out externally in accredited laboratories and test rooms or in laboratories and test rooms approved by HAUK s.r.o.

Supplied parts are naturally exposed to further tests – ensemble tests made by HAUK s.r.o. or final customer. If these tests will be unsatisfactory for reasons of poor quality of a supplied part, the supplier pays all costs associated with repeating the test.

If test parts are not provided within the set term, the supplier is obliged to pay all costs of re-test, including, in addition to test structure and design, providing all predetermined components which are needed for total allowance.

5.7 Proofs of eligibility

Process eligibility checks are used to approve the qualitative eligibility of processes. The suppliers are required to provide proofs of eligibility for all checking and functional characteristics separately (see the Quality Agreement).

To demonstrate the process eligibility, limits apply as follows:

Short-term eligibility	$Cmk \geq 1.67$
Preliminary process eligibility	$Ppk \geq 1.67$
Long-term eligibility	$Cpk \geq 1.33$

Proving process eligibility must be provided free of charge and issued on request for HAUK s.r.o. If the above process eligibility limits are not achieved, the special characteristics of parts must be 100% checked and the results must be documented.

5.8 Control Plan

Control Plan indicates the control characteristics of a product and process stemming from qualitative characteristics that must be included in those plans. This relates to the D/TLD parts in particular. These Control Plans should be created for the prototype phase, pre-series and series phase.

Control Plan consists of:

- process plan, incl. all control steps;
- planning product and process audits;
- planning retraining tests.

The characteristics that are identified as relevant to quality and evaluated in FMEA must be transferred to the control plan.

5.9 Process approval – ‘Two-Day Production’, R&R before starting a serial production

The preliminary quality of a product and process should be proved within a procedural series. This measure should provide a proof that you are able to easily meet our future serial need regarding the quality and quantity of products, process safety and meeting deadlines. The evaluation is as follows:

Process approved without reservations	Green
Process approved with reservations	Yellow
Process not approved	Red

The process approval can be done in two ways – by HAUK s.r.o. after previous arrangement or internally by the supplier – the supplier is then asked to provide the records of internal audit. The scope and methodology will be specified in the project phase.

5.10 Sampling/samples

5.10.1 Sampling of prototypes and pre-series parts, oversampling of serial parts

The contact person for the range and timing of the sampling of prototypes and pre-series parts is the HAUK s.r.o. Project Manager.

Sample parts are supplied free of charge, appropriately marked and with agreed documentation.

5.10.2 First samples (EMPB or PPAP)

The first sampling of HAUK s.r.o. suppliers is governed according to VDA 2, or according to the requirements of Quality workers in accordance with QS 9000 (PPAP). Sampling level will be specified at the beginning of the project.

Production of the first samples must be carried out under conditions of serial production and serial instruments. If more identical tools or moulds or multiple moulds (nests) are used, there will be a need to measure and sample separately – at least 5 pieces – from each mould or each nest position unless stated otherwise. The first sampling also includes the proof of testing rules stated in the drawing and specification.

Parts of the first sampling and measurement protocols must be submitted and delivered free of charge, marked as the 'first samples' and sent to the HAUK s.r.o. Quality Department. The first sampling includes proving the process eligibility.

The progress of the first sampling is controlled by the Project Manager.

5.10.3 Reference and limit samples

Reference samples:

- represent an acceptable form of the values of characteristics.

Limit samples:

- samples that embody the limit value of a qualitative characteristic.

The reference and limit samples should be agreed with the HAUK s.r.o. Quality workers, identified as such and protected from the influence of the environment throughout the production.

5.11 Product biography

The suppliers will keep product biographies for all products which will document all changes in products and processes. A product biography is part of the documentation submitted within sampling.

5.12 Marking parts after change

After making changes to the pre-series and series parts and deliveries, it is necessary to send an updated product biography with the first delivery of changed parts and mark the first 3 deliveries with yellow stickers 'Parts after change' and indicate the index state of the part on their wrappings. If these parts are not marked according to the requirements, it is a reason for invoking the complaint procedure by HAUK s.r.o.

5.13 Marking and documentation of pre-serial deliveries

In the case of pre-serial deliveries the final customer of which is VW Group, it is necessary to mark the parts and add documentation in accordance with the VW Group document – 'Confirmation of quality for pre-series phase'. In other cases, the marking and documentation of pre-serial deliveries will be agreed on at the beginning of the project. Failure to meet the requirements is the reason for the complaint procedure.

5.14 Special allowance – allowance of deviations

Deviations from the specification of deliveries are not acceptable. After agreement by the HAUK s.r.o. Quality Department, time or quantity limited allowance can be granted in exceptional cases. The supplier is obliged to mark such deliveries visibly with yellow stickers 'Parts released with deviation' on their wrappings. If additional costs (e.g. higher level of labour-intensity, increased control requirements, etc.) arise for HAUK s.r.o. in connection with the approved deviation, the supplier must pay these costs based on quantification.

5.15 Retraining tests

Within a minimum of three-year repeated audit (from the first sampling) of all products and parts supplied to HAUK s.r.o., it is necessary to prove the characteristics (especially function, material, and geometry) within the full first sampling.

In the case of D characteristics, retraining is required at least once every 12 months.

These proofs must be provided to HAUK s.r.o. without being asked and without any financial burden.

Supplied parts to other retraining tests - ensemble tests, performed by HAUK s.r.o. or the final customer. If these tests will be unsatisfactory for reasons of poor quality of a supplied part, the supplier pays all costs associated with repeating the test and a complaint procedure related to the parts that have been delivered by the supplier since the last satisfactory test is started by HAUK s.r.o. against the supplier.

5.16 Tools

Valid contractual arrangements between HAUK s.r.o. and the supplier apply for acquiring tools. The suppliers undertake to properly mark and professionally store these tools, to carry out a proper maintenance and insure them.

5.17 Design and manufacture of tools

The suppliers must use appropriate technical means to design, manufacture and complete dimensional control of tools and templates. In case of handover to a subcontractor, they must also meet these requirements for supplier's responsibility. Tools owned by the customer or tools owned by HAUK s.r.o. must be clearly marked with supplied serial plates.

5.18 Tool handover and approval

Tool approval is carried out through a successful completion of the first sampling and successful R&R. Tool handover can be made by a HAUK s.r.o. worker directly at the supplier's if necessary.

5.19 Tool management

The suppliers have to plan and implement a procedure for tool management. It must contain primarily the following criteria:

- tool biography
- suitable storage system
- documents on preventive tool maintenance
- store the last product until the next production runs on the tool.

5.20 Control devices, gauges, meters

The supplier must include control devices, gauges and meters in the control system of test equipment and mark them appropriately and assign them to the product. The capabilities of meters should be proved in the first sampling. The structure of control devices, gauges, meters and measurement records should be approved. They must be designed to cover the entire period of product development and production. Costs of control devices, gauges, meters and measurement records are covered by the suppliers. The suppliers must provide proofs of eligibility of testing and measuring devices (MSA) for all special characteristics.

5.21 Backward traceability

To ensure backward traceability of parts with obligatory documentation, it is necessary to mark all products clearly. If faults occur, the supplier must be able to delimit faulty supply, parts and batches.

5.22 PPM

The aim of the PPM is to make the process of continual improvement based on measurable criteria transparent for both the suppliers and HAUK s.r.o. and to implement countermeasures in the event of deterioration in the quality.

5.23 Complaints

HAUK s.r.o. checks the products delivered by the supplier in terms of identity, compliance with quantity and obvious external defects.

The following deficiencies are taken into account when evaluating the quality of deliveries:

- qualitative deficiencies identified during the initial inspection
- qualitative deficiencies identified during production
- logistic errors
- wrong deliveries
- misnomers
- failure to meet the ordered quantity
- complaints from the customer caused by the supplier

In case of complaints, the suppliers will be informed by HAUK s.r.o. via an e-mail and G 8D protocol. The suppliers are required to provide immediate opinion and measures within 24 hours, an analysis and a determination of appropriate corrective measures within the deadline set in the document.

Methods of immediate solution could be as follows:

- If a defect is identified during initial inspection, HAUK s.r.o. is entitled to a delivery returning and refund, to be paid the costs of resorting or repair in the case of time pressure.
- If a defect is identified during production, HAUK s.r.o. is entitled to a refund of series costs (costs of incurred rejects due to poor purchased part, downtime costs, longer processing time costs), in addition to the above mentioned.

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The procedure is always consulted with the supplier through the HAUK s.r.o. Purchasing Department before its realization. After an agreement, the supplier can do a repair or sorting in the company.

Replacement delivery must be delivered within 24 hours from reporting the defect to the supplier.

It the delivery can be sorted, sorting must be organized within 6 hours of reporting the defect. Sanctions are applied in these cases – see section 5.24.

5.24 Sanctions

In case of insufficient quality caused by the supplier, HAUK s.r.o. is entitled to exercise contracted rights to warranty. Tariff for damages is given in Annexe to this document.

5.25 Escalation procedure

Escalation procedures are applied in case of a major non-compliance by the supplier and occur in the following cases:

- no response to the first action plan urgency required in connection with the evaluation of suppliers or process audit of the suppliers or sending 8D report in case of complaint
- 2 consecutive 'C' marks
- the audit process result 'C' or 2 consecutive 'Bs'
- the result of procedural self-audit 'C' or 2 consecutive 'Bs'
- if the supplier delivers D parts ending in VW Group and does not perform the audit of D/TLD documentation within 12 months
- failure to send these documents after a reminder: process self-audit report, D/TLD audit report or not sending information on product safety representative or their changes
- there is no notice of the changes that are necessary for resampling according to VDA.2 or PPAP
- refused during the sampling evaluation or complies with reservations after the third and further evaluation
- unsatisfactory two-day production or R&R

All of the above cases preclude the supplier from the possibility of obtaining new contracts within 3 months after the occurrence of the problem.

In case of repeated escalation, this could be a reason for removing existing contract.

6. Evaluation of suppliers

The suppliers directly affecting the final product are evaluated.

To maintain company competitiveness, the suppliers who supply material for a one-time order are not evaluated, as well as the suppliers with annual purchases of less than or equal to CZK 100,000.

Likewise, the suppliers who collect the material after being processed in HAUK s.r.o. and suppliers who are nominated by the customer are not evaluated.

Indicators from the sectors of logistics, purchasing, development and quality control are measured to evaluate the suppliers. Evaluation is done from the relevant sectors and is then combined into an overall mark and this evaluation is sent periodically to the suppliers.

An unsatisfactory result is one of the reasons for the request for an improving programme from the supplier, an audit at the supplier's and possibly for termination of cooperation with such a supplier.

7. Environment

The suppliers undertake to enter the data about materials into IMDS (International Material Data System, Internationales-Material-Daten-System, see www.mdsystem.com) before the first sampling and are responsible for the correctness of records made by them.

8. Packaging

Packaging for series parts or special packaging and their labelling, including used materials, must be defined in collaboration with the HAUK s.r.o. Logistics employee. Labelling of wrappings must be carried out according to the packaging procedure approved by HAUK s.r.o.

9. Secrecy and confidentiality

All the information and materials or products provided by HAUK s.r.o. in connection with the execution of these orders should be treated as confidential information. The same applies to acquired knowledge and in connection with the execution of developed or manufactured materials.

Confidential are the information, knowledge or materials explicitly identified as such by the parties as well as such information, knowledge or materials the announcement – and particularly the publishing – of which could have negative consequences.

The obligation of confidentiality does not apply to such information, knowledge or materials which were already publicly known at the time of handover or were already known at least by the receiving party or widely known after their handover without the receiving party causing it or published by a third party lawfully and without restrictions on confidentiality.

Handed-over or submitted material must be stored in a secured location. It should not be made available for inspection to a third party. Employees who participate in the development of the order subject should contract to secrecy. Handing over the design data can only be done by data carriers, not electronically.

If the supplier involves a subcontractor in the fulfilment of their contractual obligations in an authorized way, they make such a subcontractor undertake to the above provisions on secrecy and confidentiality in writing.

10. Declaration of supplier's consent

This supplier's guide is part of the contractual relationships between HAUK s.r.o. and the suppliers, without requiring the signing of this guide. The guide is valid at the demand stage.

Annexe 1**Tariff for damages** (regression to suppliers)

Description	Hourly rate €/h	Number of hours	Total €
problem detection, on-site analyses, monitoring actions, measures, issuing 8D, correspondence	41	4	164
sorting on the line (production workers)	15		actually worked
sorting of inventory (warehouse staff), training, supervision by control worker, workplace preparation, handling	21		actually worked

Bonuses valid for contracts under the Labour Code.

- Working hours Monday to Friday (22:00–06:00) 25%
- Working hours on Saturdays 50%
- Working hours on Sundays and holidays 100%



QUALITY AGREEMENT

Supplier:	Product name:
Address:	'D' part: yes no
	purchased part (weldment) input material cooperation

- The supplier guarantees that the delivered parts correspond to the applicable drawings, technical specifications and technical standards.
- The supplier is fully responsible for quality and safety of delivered parts

The following characteristics must be included in your control plans and must be documented.

CHAR. * CATEGORY	CHARACTERISTIC/SPECIFICATION	REQUIREMENT <small>(SPC, 100% control, etc.)</small>	DOCUMENTING ** FREQUENCY				DOCUMENTING *** METHOD				NOTES <small>(Recommended control means, etc.)</small>
			1	2	3	4	A	B	C	D	

Related standards and additional specifications:

*Characteristic category:		**Documenting frequency:		***Documenting method:	
D	Critical/safety	1	For every delivery	A	Certification of quality as per CSN EN ISO 10 204-3.1
S	Important	2	Quarterly	B	Cp, Cpk process results
V	Significant	3	On request	C	Measuring report/Control records
-	Not set	4		D	Material certificate

<p>For the supplier:</p> <p style="text-align: center;">.....</p> <p style="text-align: center;">Date/Signature /Department</p>	<p>For the purchaser:</p> <p style="text-align: center;">.....</p> <p style="text-align: center;">Date/Signature /Department</p>
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