

## SUPPLIER MANUAL

### Supplier Quality Requirements



RECARO Child Safety GmbH & Co. KG  
Guttenbergstraße 2  
95352 Marktleugast

Stand: 06.10.2015

## SUPPLIER MANUAL

### Content

1	Scope, subject matter of the agreement .....	4
2	Supplier quality management system .....	4
2.1	Sub-supplier quality management system .....	4
3	Audit .....	4
4	Documentation, information .....	5
4.1	Record retention .....	5
4.2	Discontinued parts.....	5
4.3	Record retention for safety-related features.....	5
5	Development, planning.....	6
5.1	Specifications document .....	6
5.2	Schedule.....	7
5.3	FMEA.....	7
5.4	Samples.....	7
5.4.1	Design samples .....	8
5.4.2	Functional samples.....	8
5.4.3	Master samples .....	8
5.4.4	Initial samples.....	8
5.5	Special features.....	9
5.5.1	Critical or safety features.....	9
5.5.2	Significant or key features .....	9
5.6	Control plan for the series .....	9
5.7	Packaging specifications .....	9
5.8	Production part approval process.....	10
5.9	Sampling costs and deadlines.....	11
5.9.1	Rejected initial samples.....	11
6	Serial production, traceability, identification .....	11
6.1	Logistics / scheduling .....	12
6.1.1	Commissioning.....	12
6.1.2	Delivery.....	13
7	Tools.....	13
7.1	Tool design and manufacture.....	13
7.2	Tool acceptance/release .....	14
7.3	Tool control (tool management) .....	14
8	Tests, objections, measures.....	14

## SUPPLIER MANUAL

8.1	Inspection Plan .....	15
8.2	Test certificate .....	15
8.3	Processing complaints, cost of complaints .....	15
8.4	8D Report .....	16
9	Continuous improvement .....	16
9.1	Quality and productivity improvements .....	16
10	Quality aims.....	17
10.1	Quality report .....	17
11	Supplier evaluation system .....	18
12	Reach .....	21
13	Corporate Compliance .....	21
14	Liability.....	21
16	Insurance.....	22
17	Recall insurance .....	22
18	Severability clause.....	22

## SUPPLIER MANUAL

### **1 Scope, subject matter of the agreement**

This manual applies together with all purchase agreements concluded between RECARO Child Safety GmbH & Co. KG and the supplier unless any other settlement has been made.

Together with its suppliers RECARO Child Safety GmbH & Co. KG aims to create an enduring business partnership based on quality. The aim is to integrate the suppliers into the RECARO Child Safety GmbH & Co. KG processes at an early stage.

### **2 Supplier quality management system**

The supplier undertakes to apply the DIN EN ISO 9001:2008 standard on an ongoing basis (or to develop the standard to that effect).

A supplier voluntary disclosure and a potential analysis will be accepted on the part of RECARO Child Safety GmbH & Co. KG on an interim basis.

The supplier is obliged to aim for the goal of zero defects and must optimise its services to this effect on a continuous basis.

Insofar as RECARO Child Safety GmbH & Co. KG provides the supplier with production and testing equipment, in particular equipment and devices related to deliveries for goods purchased (products provided by RECARO Child Safety GmbH & Co. KG), the supplier must integrate these into its quality management system in the same way as it does with its own production and testing equipment.

#### **2.1 Sub-supplier quality management system**

The supplier will oblige its own suppliers to comply with the obligations accepted by it from this manual.

RECARO Child Safety GmbH & Co. KG may require the supplier to provide documentary evidence that the latter has ensured the effectiveness of the quality management system with its sub-suppliers.

### **3 Audit**

RECARO Child Safety GmbH & Co. KG is entitled to ascertain whether the supplier's quality assurance measures meet the requirements of RECARO Child Safety GmbH & Co. KG by way of an audit. The audit may be carried out as a system, process or product audit and it must be agreed in good time before its planned execution. For this any appropriate restrictions of the supplier to secure its trade secrets will be accepted.

In the event that any quality problems should arise that are caused by primary products or parts which the supplier has obtained from its own suppliers, the supplier must provide the consent for an audit by RECARO Child Safety GmbH & Co. KG at these sub-suppliers upon request.

The result of the audit will be communicated to the supplier. If any non-conformities are ascertained then the supplier undertakes to establish and implement a coordinated action plan with deadlines.

### **4 Documentation, information**

The supplier will allow RECARO Child Safety GmbH & Co. KG to inspect its documentation upon request.

If it is evident that agreements that have been made (e.g. on quality features, deadlines, delivery quantities) cannot be complied with then the supplier is obliged to inform RECARO Child Safety GmbH & Co. KG of this fact. The supplier is under an obligation to disclose data and facts in the interests of finding a rapid solution.

All changes to products and product-related changes in the process chain must be documented in a product data sheet and treated based on VDA (German automobile industry association) volume 2 "Quality Assurance of Supplies" or PPAP under QS 9000 (s.5.8).

#### **4.1 Record retention**

Records such as initial sample test reports, production part releases, test reports, tool reports, purchase agreements and additions, must be retained for as long as the part or the part family is active for production and spare-part purposes plus one calendar year, unless RECARO Child Safety GmbH & Co. KG has set out any other regulation.

Records on quality performance (e.g. control charts, test results) must be retained for 3 years (see item 4.3 for exception)

Records on internal quality audits and QM assessments (management tests) by senior management (company management) must be retained for three years.

These stipulations do not replace any statutory requirements. All retention periods must be seen as minimum periods.

#### **4.2 Discontinued parts**

Copies of documents on discontinued parts which are required for release of the new parts must be retained with the files on the new parts.

#### **4.3 Record retention for safety-related features**

The stipulations in the previous sections apply in principle to records on safety-related parts or features. The minimum retention period may not be less than 15 years.

## **5 Development, planning**

If the supplier order includes development tasks (product and/or process development), the requirement specifications must be determined in writing by the contractual partners, e.g. in the form of a specification book. The supplier undertakes to implement project management at the planning phase for products, processes and other cross-departmental tasks and to handover the project schedule to RECARO Child Safety GmbH & Co. KG upon request.

All technical documents required for supporting serial development such as specifications, designs, parts lists and CAD data, must be checked by the supplier upon receipt for completeness and consistency in general and in relation to the planned purpose; RECARO Child Safety GmbH & Co. KG procurement must be informed in writing of any defects detected.

At the development phase (product and/or process development) the contractual partners must apply suitable preventive measures in quality planning such as manufacturer analyses, failure tree analyses, reliability calculations, FMEA, APQP, etc. Experiences from similar plans (process sequences, process data, capability studies, etc.) must be taken into account. Features with special documentation and archiving requirements must be stipulated.

For prototypes and pilot production parts the manufacturing and testing conditions must be agreed between RECARO Child Safety GmbH & Co. KG and the supplier and must be documented. The aim is to manufacture the parts under production-type conditions.

For all function-related features the supplier must carry out and document analyses on the suitability of the manufacturing facilities used. Where specific capability values which have been set out are not achieved the supplier must either optimise its facilities accordingly or carry out appropriate tests on the manufactured products in order to eliminate defective product deliveries.

Before serial production starts the supplier must complete the process and product release based on VDA volume 2 or PPAP in accordance with QS 9000 (to be determined in the individual case). Where RECARO Child Safety GmbH & Co. KG demands a design release then this must precede the production process and product release.

The machine capability index must be provided with the production process and product release. Short-term capability is allowed for all special features (function and safety-related features) with a ppk index >1.67. If this is not achieved then an analysis must be carried out by the supplier. Appropriate measures must be laid down with RECARO Child Safety GmbH & Co. KG in advance of the sampling.

### **5.1 Specifications document**

The specifications document translates customer requests and development aims (specifications book) into development requirements. The project management team's efforts are based on the customer's needs, expectations and requirements.

The structure can be selected freely but it must be comprehensible and clearly organized.

## SUPPLIER MANUAL

Inter alia the following stipulations should be incorporated:

- Draft requirements for product pre-planning
- Identification of the reliability, stability and distribution or allocation of the aims and requirements.
- Evaluation of new technologies, complexity, materials, applicability, environment, packaging, maintenance and production-related requirements or aspects that are a risk for the project.
- Development of preliminary requirements through technical standards

### 5.2 Schedule

The schedule represents a visual course of action for describing sequential or related activities. It is both a means of communication and an analysis tool for planning activities, development activities and manufacturing processes.

Creating and maintaining a schedule should be the first activity for any project management team. With it the product type, complexity and customer expectations should all be taken into account in selecting the steps to be planned and set out chronologically.

The planning teams must incorporate testing activities, as avoiding defects and increasing the efficiency of the development, production and assembly process are goals of quality assurance.

All team members should agree on each action and the timing. In order to outline the project status that has been achieved, each event must have a start and end date, via which current progress with the project is ascertained for the purposes of monitoring the project. RECARO Child Safety GmbH & Co. KG recommends periodic updating of schedules (generally on a monthly basis), and no later than when modifications are made to the overall time line. Written notification must be provided to RECARO Child Safety GmbH & Co. KG procurement immediately following any changes with the reasons for these.

### 5.3 FMEA

FMEA is a systematic analytical method for evaluating the probability that any possible defects may occur along with the consequences of these defects. It is used to determine the product risk in relation to product liability. This analysis must be carried out in a cross-departmental team.

Previous guarantees, objections and prior activities must all be included in this. FMEAs must likewise be taken into account for comparable products.

Special features must be identified.

RECARO Child Safety GmbH & Co. KG requires a process FMEA to be created in principle. Where the supplier is responsible for the design/development then a design FMEA is also required.

### 5.4 Samples

Samples must be identified as "samples". A reliable certificate must be included with the sample. The sample and certificate must be uniquely related to each other.

## SUPPLIER MANUAL

If the sample has been created according to a draft then a secure reference to the draft must also be created. The date of manufacture must also be attached to the sample in a noticeable manner.

If there is already a design for the sample then the design number with the version and parts number with version status must be included in the certificate.

Samples must be adequately addressed. They must be delivered via a delivery note with the delivery note containing the order number and the name of the requester.

Any divergence from RECARO Child Safety GmbH & Co. KG specifications must be shown in writing and must be enclosed with the parts to be delivered.

### **5.4.1 Design samples**

Design samples are models that represent the external appearance. They must be identified as "design samples". Any divergence from RECARO Child Safety GmbH & Co. KG specifications must be shown in writing and must be enclosed with the parts to be delivered.

### **5.4.2 Functional samples**

Functional samples are models that reveal the function independent from the appearance. They must be identified as "functional samples". Any divergence from RECARO Child Safety GmbH & Co. KG specifications must be shown in writing and must be enclosed with the parts to be delivered.

### **5.4.3 Master samples**

Original or reference samples are production samples. In addition to being identified as "original or reference samples" they must also contain the part number including version, release date and the release notes. Any divergence from RECARO Child Safety GmbH & Co. KG specifications must be shown in writing and must be enclosed with the parts to be delivered.

### **5.4.4 Initial samples**

Initial samples are serial parts that must be identified as "initial samples". They must be uniquely provided with part numbers including version.

A preferential certificate of origin must be enclosed with the initial samples.

If different tools or moulds are used or derive from a modifiable mould cavity, then samples must be provided separately for a part of each tool, of each mould and of each nest position. The identification must be expanded accordingly.

Depending on the commodity group, between three and five sample parts will be required with their corresponding identification for each initial sampling. An initial sample will be returned to the supplier following release for archiving purposes. Divergences are permissible under special conditions (see production part release process).

The initial samples will be ordered by procurement for all new components/purchased parts (new item code number/new index). Agreements may also be made between the supplier and RECARO Child Safety GmbH & Co. KG which add to or limit these rules for the initial sample deliveries. This also applies to the number of parts for which samples must be provided.

Initial samples must be accompanied by documents in accordance with the following checklists:



## SUPPLIER MANUAL

1. General Checklist for Initial Sampling
2. Checklist for Sampling Documentation Seat Covers

### **5.5 Special features**

#### **5.5.1 Critical or safety features**

Critical or safety-related features denote those product requirements (e.g. dimensions, specifications, tests) or process parameters that impact compliance with the statutory provisions or the safe operation of the product.

They require special measures on the part of the manufacturer in the overall production process and in supervision that must be stated in the QM plan.

Critical and safety-related features at RECARO Child Safety GmbH & Co. KG are identified with the letters "CC" written in upper case.

This identification must be provided in all relevant documents such as drawings, specifications, FMEAs, control plans, test plans, work plans, etc.

#### **5.5.2 Significant or key features**

Significant or key features denote those product requirements (e.g. dimensions, specifications, tests) or process parameters that have an essential impact on customer satisfaction.

They must specifically be taken into account in the quality planning. Proven and process-secure manufacturing is generally required.

Significant or key features at RECARO Child Safety GmbH & Co. KG are identified with the letters "SC".

This identification must be provided in all relevant documents such as drawings, specifications, FMEAs, control plans, test plans, work plans, etc.

### **5.6 Control plan for the series**

The production control plan for the series is a written description of the systems implemented for controlling the parts and processes. It is a dynamic document that must be updated where this turns out to be sensible in production.

The production control plan should contain stipulations on the process to be followed in the event of non-fulfilment of specifications or if there are defects (response plans).

The relevant project management team is responsible for this.

### **5.7 Packaging specifications**

If RECARO Child Safety GmbH & Co. KG does not provide any specifications by way of a packaging data sheet then the supplier must develop suggested solutions and work towards providing distinct packaging

The processes for wrapping, packaging and labelling including the associated materials must be determined, tested and monitored. For this it must be ensured that the product's properties, usage

## SUPPLIER MANUAL

capabilities and features are retained during the packing, transportation and unpacking processes. Returnable containers and small load carriers (depending on the product) should preferably be used.

A goods label must be attached to each packaging unit which at a minimum shows the following (VDA):

- Supplier
- Article description
- RECARO Child Safety GmbH & Co.KG parts number with version (reference status)
- Customs tariff number
- Quantity / Number of units
- Production date
- Batch ID
- Delivery note no.

Labelling of the parts must appear on the smallest non-attached packaging unit. The completed version (change index of the design) must in principle be provided on this goods label and on the delivery note.

In the event of an index change then separate labelling is required mandatorily of the first three deliveries at a minimum – selection of the labelling should be agreed with RECARO Child Safety GmbH & Co. KG.

Shelf life labelling and recommended storage temperatures must be provided for auxiliary materials (adhesives, adhesive primers, activators, etc.).

### 5.8 Production part approval process

The fact that all designs and specification requirements for the product have been complied with is documented in the production part release process, along with the fact that manufacturing is able to make the products conforming to specifications.

The release parts submitted (initial samples) must come from a representative production run. (see 5.4.4)

Production acceptance is required before the first delivery of products in the following cases:

- for a new part or product (i.e., a specific part, material or a specific colour that has not previously been delivered),
- with rectification of a (serious) defect in a part submitted previously,
- with modified products on account of the change to the design documents, specifications or materials.

In addition suppliers must inform RECARO Child Safety GmbH & Co. KG in the following cases and must submit the approval application before the first delivery, unless procurement has expressly waived this requirement for the corresponding product:

- where the designs or materials used may be different from the ones approved for the part,
- where new or modified tools (apart from tools subject to rapid wear and tear), forging dies, casting moulds, models, etc. are used, including additional or replacement tools,
- where the available tools are overhauled or converted,

## SUPPLIER MANUAL

- where manufacturing processes or methods have been changed,
- where tools or manufacturing equipment is transferred to another plant or comes from another plant,
- if there is a change in the suppliers for parts, materials or services (e.g. heat treatment, coating),
- with a new release after tools have been deactivated for 12 months or more,
- after RECARO Child Safety GmbH & Co. KG has demanded that deliveries be suspended on account of a quality problem.

If RECARO Child Safety GmbH & Co. KG waives a formal submission then all items in the production part release process must be reviewed and updated to the extent that they reflect the ongoing process. The record of the production part release process must contain the name of the person responsible in the area of acceptance who has stated that the requirement is waived along with the date.

Suppliers are responsible for the materials and services supplied by their sub-suppliers.

### 5.9 Sampling costs and deadlines

Sampling costs are all costs that are incurred as a result of product and process development.

The supplier bears these costs unless there are any other written agreements with RECARO Child Safety GmbH & Co. KG procurement.

#### 5.9.1 Rejected initial samples

If an initial sample is rejected by RECARO Child Safety GmbH & Co. KG then corrected samples must be presented promptly by the deadline specified. If the deadline cannot be kept then procurement must be informed immediately in writing before the deadline passes. If an initial sample test is not passed on account of parts that are not in order then the supplier must create a written catalogue of measures stating corrective actions, responsibilities and deadlines for each discrepancy.

The supplier will be charged the costs incurred for all subsequent sampling that has to be carried out on account of non-compliant sample parts.

No payment shall be made for the tool and equipment costs associated with the initial sample unless a complete released initial sample is provided (i.e. one without conditions).

A change request can be made to the supplier via procurement for features that have discrepancies from the design. This procedure is an exception and does not apply to function-related features. It does not release the supplier from the obligation to provide a sample of parts in accordance with the design specifications. Initial samplings with a deviation approval shall not be authority for a complete release.

## 6 Serial production, traceability, identification

For any process failures and quality deviations the causes must be analysed, improvement actions introduced and their effectiveness reviewed. Where products which do not conform to specifications

## SUPPLIER MANUAL

have to be delivered then a “deviation approval” must be obtained from RECARO Child Safety GmbH & Co. KG. RECARO Child Safety GmbH & Co. KG must also be informed immediately of deviations detected subsequently.

The supplier undertakes to ensure the traceability of the products that it delivers. In the event that a defect is ascertained then it must be possible to trace the products in such a way that containment is possible to the delivery batch with the defective parts / products.

The supplier must ensure that the goods are delivered using suitable transportation methods approved by RECARO Child Safety GmbH & Co. KG, so that damage and loss of quality (e.g. contamination, chemical reactions) can be avoided.

The requirements agreed with RECARO Child Safety GmbH & Co. KG related to the labelling of products, parts and packaging must be met. It must be ensured that labelling of the packaged products is also effective during transportation and storage.

Deviations from the existing labelling obligations require a written agreement between the supplier and RECARO Child Safety GmbH & Co. KG.

### **6.1 Logistics / scheduling**

#### **6.1.1 Commissioning**

RECARO Child Safety GmbH & Co. KG agrees and concludes delivery schedules / framework agreements with all suppliers of serial parts, where the prices, batch sizes, terms and conditions for delivery and payment, delivery locations, contact addresses are all specified along with the packaging information as an attachment. The supplier is under an obligation to provide RECARO Child Safety GmbH & Co. KG with all information and customs documents required for the international trade in goods before the first serial delivery.

Based on these agreements RECARO Child Safety GmbH & Co. KG scheduling issues delivery call-offs taking into account the packaging batch sizes with quantities and the delivery deadline. The delivery call-offs are produced by computer and sent periodically in VDA format via data transmission, fax, e-mail or post.

The broken down needs must be checked for feasibility by the supplier and RECARO Child Safety GmbH & Co. KG scheduling must be informed immediately if any problems are detected with the reasons provided, along with the consequences to be expected for delivery capabilities and reliability.

Failures for which the supplier is responsible along with expenditure incurred by RECARO Child Safety GmbH & Co. KG through this for special measures such as additional work, special freight, waiting times, divergent packaging etc. shall be chargeable to the supplier.

RECARO Child Safety GmbH & Co. KG will communicate product discontinuations onto the supplier. Plan surplus stocks including of the primary materials must be communicated in writing to RECARO Child Safety GmbH & Co. KG up to a maximum of 4 weeks before discontinuation with RECARO Child Safety GmbH & Co. KG documentation on ordering behaviour. In principle it is the supplier's obligation to manage product levels in the most cost-effective manner possible; any batch sizes ascertained will therefore no longer apply once the product discontinuation has been communicated. The unit quantities / batch must then be defined again for the discontinuation by the supplier and agreed with procurement before the final production.

## SUPPLIER MANUAL

### 6.1.2 Delivery

The transport responsibilities arise from the defined Incoterms. For deliveries ex works RECARO Child Safety GmbH & Co. KG will specify the freight forwarder and will be responsible for the latter's freight rates alone. Commissioning the freight forwarder is the supplier's responsibility.

RECARO Child Safety GmbH & Co. KG will specify the time spot for the delivery in accordance with the logistics needs. The goods ordered must be delivered in the condition specified with complete delivery documents (framework agreement number, framework agreement item, RECARO Child Safety GmbH & Co. KG parts number, quantity, RECARO Child Safety GmbH & Co. KG carrier number, carrier quantity).

A complaint will be made by RECARO Child Safety GmbH & Co. KG regarding any over-deliveries and under-deliveries in terms of the quantity and the deadline and these will be returned to the supplier where necessary. Any pre-production arising for optimisation purposes must be stored by the supplier in the interim.

Where it is agreed that RECARO Child Safety GmbH & Co. KG's own returnable loading carriers shall be used, RECARO Child Safety GmbH & Co. KG undertakes to provide the containers required in a usable condition in accordance with the delivery breakdown quantities. The containers will be checked by way of a stocktake. RECARO Child Safety GmbH & Co. KG carries out stocktakes on a regular basis and will charge for the containers in accordance with causality where they are lost.

If RECARO Child Safety GmbH & Co. KG and the supplier agree on the delivery of additional parts, the supplier shall be responsible for prompt scheduling and delivery of its primary materials based on the requirements for the end products, irrespective of whether they are free of charge or are being provided for a fee. Stock will be managed for parts that are the property of RECARO Child Safety GmbH & Co. KG with stocktakes also being carried out. Charging in accordance with causality will also occur in the event of loss.

## 7 Tools

The relevant valid terms and conditions of purchase in conjunction with the "Supplementary terms and conditions for tools/moulds" from RECARO Child Safety GmbH & Co. KG apply to the procurement of tools.

Storage, insurance and care of RECARO Child Safety GmbH & Co. KG's own tools, moulds, gauges and testing equipment will take place free of charge for RECARO Child Safety GmbH & Co. KG.

### 7.1 Tool design and manufacture

The supplier must use appropriate technical equipment for the design, manufacture and complete dimensional testing of tools and gauges. If one of these activities is assigned to a sub-supplier then the supplier must implement a corresponding supervision and tracking system.

RECARO Child Safety GmbH & Co. KG's own as well as customer-owned tools and equipment must be permanently labelled in such a way that the owner is visible. Provided by RECARO Child Safety GmbH & Co. KG must be used for this purpose and they must be filled in completely with the

## SUPPLIER MANUAL

required information. The label must be attached in such a way that it is visible and cannot be detached

### **7.2 Tool acceptance/release**

Tools are released by way of an initial sampling of the parts to be produced which is completed successfully.

### **7.3 Tool control (tool management)**

The supplier must plan and implement a system for tool control (tool management) which takes the following points into account:

- Equipment for maintenance and repair
- Storage and overhaul
- Installation and conversion
- Tool exchange program for tools subject to wear and tear

If one of these activities is assigned to a sub-contractor then the supplier must maintain a corresponding supervision and tracking system.

The structure of the supplier's tool management system must guarantee that RECARO Child Safety GmbH & Co. KG's own tools can be identified uniquely and without any doubt. The entries must make clear who the owner of the tools is.

A tool stock take must be sent to RECARO Child Safety GmbH & Co. KG procurement by the supplier once each year along with a tool condition report without being demanded.

## **8 Tests, objections, measures**

The supplier will set out a test concept under its own responsibility in order to fulfil the goals and specifications agreed. Both contractual partners are under an obligation to meet the goal of zero defects.

In ongoing serial production the supplier must provide evidence of the process capability for all special features using suitable procedures (e.g. statistical process control or manual control chart technology) for the entire production period.

If the required process capability  $cpk$  of  $> 1.33$  is not achieved then the quality must be ensured using appropriate testing methods; the production process must be optimized accordingly in order to achieve the required capability.

Under this manual all products are checked exclusively by the supplier; upon delivery RECARO Child Safety GmbH & Co. KG only checks the products in relation to their product type and for damage that can be detected externally.

Where feasible in the ordinary course of business, RECARO Child Safety GmbH & Co. KG will either check the assembly group manufactured before the next manufacturing stage using the delivery, or subject the finished product to a test using the assembly group (e.g. by way of a product audit).

## SUPPLIER MANUAL

RECARO Child Safety GmbH & Co. KG must immediately communicate defects in a delivery to the supplier as soon as they have been ascertained under the circumstances of a normal business process. To this extent the supplier waives the defence of a belated notification of defects.

Upon request the failed parts will be returned to the supplier for analysis.

The supplier must provide remedies immediately (replacement deliveries, sorting or repair work) for any threats of manufacturing downtime for RECARO Child Safety GmbH & Co. KG or its customers resulting from defective deliveries.

### 8.1 Inspection Plan

All purchased parts are checked by the supplier in accordance with this test schedule. It is developed from the "Production control plan for the series". Its test items must be listed in the initial sample report.

The inspection plan contains the test items for the test certificate. All test items must be agreed in the project management team.

### 8.2 Test certificate

The test certificate is created in accordance with DIN EN 10204 or an equivalent standard.

Any exceptions must be handled separately and must be capable of being evidenced in writing in the order.

### 8.3 Processing complaints, cost of complaints

An appropriate response must be provided immediately for quality problems.

Written feedback must be sent within 24 hours.

If required 8D report must be created or updated as necessary.

Complaints shall give rise to the following costs:

- If the supplier states that it is prepared to redeliver the goods that are the subject of the complaint, then where the transportation is to be organised by the customer, the transportation costs and the costs for packaging must be confirmed by the supplier in advance.
- The portion of the import transportation costs; transportation costs which have been incurred in importing the goods that are the subject of the complaint. These costs must be determined on a case by case basis.
- The calculation of the costs to be charged to the supplier occurred by the accumulated n.o.k. parts within one month which will be proceeded without an 8D – Report is graded as follows:
  - >20 parts (with different failures) per month: per diem 120,- €
  - 10 to 20 parts (with different failures) per month: per diem 60,- €
  - < 10 parts (with different failures) per month: no costs will be charged.Material costs will be charged in case that 10 parts or more will be claimed or the value of

## SUPPLIER MANUAL

the claimed material is more than 10,- €.

- An 8D – Report will be issued on the one hand in case that there are more than 10 parts with the same failure found within one month in the accumulated n.o.k. parts. On the other hand it will be issued when the incoming goods inspection shows an unacceptable failure rate due to the related AQL sampling plan.  
In case an 8D – Report is carried out, the working time to execute the report will be charged in addition to a service fee of 60,- €. In these cases the material costs will be charged completely.

### 8.4 8D Report

The 8D report is an action plan which is executed in 8 steps. It is for the purposes of effective sharing of information and was developed for solving and remedying problems.

The 8D report consists of the following individual steps:

1. Team strategy (cross-departmental working group)
2. Description of the problem
3. Immediate actions: containment of the defect in order to prevent the delivery of defective parts
4. Determining the reasons(s) why the defect was not detected and the actual cause of the defect
5. Selecting and reviewing corrective actions
6. Implementing permanent corrective actions
7. Implementing preventive actions which prevent the problem from reoccurring
8. Evaluation of the performance and success of the working group

## 9 Continuous improvement

A continuous-improvement philosophy which encompasses all areas must be discernible within the supplier's overall organisation.

Suppliers must strive to improve quality, deliveries, services, deadlines and prices for RECARO Child Safety GmbH & Co. KG on an ongoing basis.

The continuous-improvement philosophy should extend to all business processes. Specific action plans must be created for processes viewed as being important.

### 9.1 Quality and productivity improvements

The supplier must show the options for improving quality and productivity and implement corresponding projects to achieve this.

Examples of this include:

- unscheduled machine downtimes



## SUPPLIER MANUAL

- machine adjustments, replacing tools and machine conversion times
- increased cycle times
- scrap, rework and repairs
- inadequate use of work surfaces
- increased variances
- downtimes following manufacturing adjustments or changeover
- process averages not centred on reference values (two-sided limits)
- test requirements not justifiable in terms of the results collected
- unnecessary handling and storage
- new objectives that help optimise the processes at RECARO Child Safety GmbH & Co. KG
- low testing capabilities
- customer dissatisfaction, e.g. complaints, repairs, returns, incorrect deliveries, incomplete orders, warranty cases, etc.

## 10 Quality aims

RECARO Child Safety GmbH & Co. KG wishes to have a relationship with its suppliers based on partnership so that joint focus can be placed on the following goals for the purposes of customer satisfaction and economic viability:

- continuous improvement
- special attention to avoiding defects
- avoiding variances and waste within the process chain for value creation both today and for the future
- agreeing on targets for the ppm rate on a yearly basis

### 10.1 Quality report

The supplier will create a quality report internally on a monthly basis in order to outline its quality status. It will continuously compare the quality achieved with the quality objectives agreed individually and will thereby review the effectiveness of its optimisation actions.

The quality report will be sent to RECARO Child Safety GmbH & Co. KG as needed or upon request.

If the quality objectives have been met then the quality report will consist of a simple graphic representation of the quality status

If the quality objectives have not been met then in principle an action plan must be compiled in addition to the graphical representation which guarantees that the quality objectives agreed will be met again in future, i.e. generally in the following month.

## SUPPLIER MANUAL

Each type of defect must be analysed and depicted separately in the action plan.

### **11 Supplier evaluation system**

All suppliers are assessed on an annual basis by the QM supplier management, logistics and procurement departments. The result of the assessment carried out will be provided in good time to suppliers with an assessment that is lower than B.

An action plan for improving delivery performance is required from suppliers whose grading is worse than B.

The assessment is made from a summary of the following categories:

1. Procurement performance
2. Quality performance
3. Logistics / supplier reliability in terms of deadlines
4. Social conduct of the suppliers / cooperation: Supplier with Recaro
5. Miscellaneous

## SUPPLIER MANUAL

### Procurement performance / based on the pricing:

- Pricing conduct compared with the competition      max. 17 points
- Pricing conduct in negotiations (innovation)      max. 5 points
- Passing on market price changes      max. 3 points

Max. 25% of the overall evaluation = max. 25 points

### Quality performance / based on the monthly ppm assessment:

- 150 ppm = 18 points
- < 300 ppm = 15 points
- < 500 ppm = 12 points
- < 1000 ppm = 9 points
- < 2000 ppm = 6 points
- < 3000 ppm = 3 points
- < 3000 ppm = 0 points

Max. 30 % of the overall evaluation = max. 30 points

### Quality performance / based on the upstream supplier quality system:

- DIN-ISO = 3 points
- Customer or internal assessment = 2 points
- No assessment and process runs well = 1 point

### Quality performance / based on the initial sampling:

- 1. Delivery of the initial sample OK = 9 points
- 2. Delivery of the initial sample OK = 6 points
- 3. Delivery of the initial sample OK = 3 points
- from 4. onwards Delivery of the initial sample OK = 0 points

### Logistics / supplier reliability in terms of deadlines:

- Delivery performance on time      max. 10 points
- Flexibility with urgent procurement      max. 10 points
- Flexibility with changes      max. 10 points

Max. 30 % of the overall evaluation = max. 30 points

### Sustainability:

e.g. use of environmentally sound raw materials      max. 5 points

Max. 5 % of the overall evaluation = max. 5 points

## SUPPLIER MANUAL

### **Miscellaneous / Cooperation between supplier and RECARO**

The departments that have an interface with the supplier are surveyed on cooperation with the suppliers via procurement.

The following criteria are incorporated into the survey:

- Project management
- Readiness to contract
- Cooperation with RECARO Child Safety GmbH & Co. KG development and production on an electronic basis
- Ratio readiness value analysis
- Compliance with agreements

Max. 10 % of the overall evaluation = max. 10 points

<b>Grading</b>	<b>Number of points</b>	<b>Assessment</b>
A	90 – 100	very good
A/B	80 – 89	good
B	70 – 79	satisfactory
C	60 – 69	adequate with conditions
D	< 60	inadequate

### **12 Reach**

In order to fulfil the duty to inform consumers under article 33 REACH, information is required for all production stages as to whether the products and their packaging contain certain hazardous materials. The consumer information obligation under REACH thereby relates to the so-called “candidate list”.

In order to be able to comply with its duty to inform customers, RECARO Child Safety GmbH & Co. KG requires a confirmation from its suppliers relating to the current candidate list that must be submitted to the RECARO Child Safety GmbH & Co. KG quality department on a regular basis. Article 33 prescribes informing customers only in the event that the product contains a substance on the candidate list in a concentration above 0.1% weight by weight. However, RECARO Child Safety GmbH & Co. KG deems it sensible to state that the products delivered and their packaging do not contain any substances on the candidate list (“negative information”), as this largely prevents further queries and RECARO Child Safety GmbH & Co. KG can be certain that the suppliers have dealt with the topic and have checked the current candidate list.

### **13 Corporate Compliance**

The supplier undertakes to execute its business transactions in accordance with the values of the corporate compliance rules of RECARO Child Safety GmbH & Co.KG. RECARO Child Safety GmbH & Co.KG shall have the authority to review this.

### **14 Liability**

Agreements on quality objectives and intervention limits (breakdowns, ppm targets) does not affect the liability of the supplier for claims for warranty and damages from RECARO Child Safety GmbH & Co. KG on account of defects in the delivery.

### **15 Non-disclosure clause**

Both contractual partners undertake to treat the information received reciprocally in connection with this agreement in confidence and undertake in particular not to make it available to third parties in any way whatsoever.

No obligation of non-disclosure exists where the information involved is general knowledge or is such information that was already known to the other partner beforehand and the latter can provide evidence of this.

### **16 Insurance**

The supplier must take out a third-party liability insurance policy covering the risks arising from the stipulations in this manual related to product liability. Evidence of this must be provided to RECARO Child Safety GmbH & Co. KG, and RECARO Child Safety GmbH & Co. KG must be informed again without being requested in the event of any changes to the terms and conditions of insurance.

Moreover taking out an insurance policy related to public liability and unplanned business interruptions is also recommended. Proof of the level of coverage should be provided by the supplier when the purchase agreements are concluded.

### **17 Recall insurance**

The supplier/manufacturer shall be liable for an insurance amount of > 1 million Euros for our measures taken to mitigate damage (e.g. recall actions).

A copy of the insurance policy must be submitted to RECARO Child Safety GmbH & Co.KG upon request.

### **18 Severability clause**

In the event that individual provisions in this agreement are invalid or unenforceable or become invalid or unenforceable following conclusion of the agreement, this shall not affect the validity of the remainder of the agreement.

An effective and enforceable regulation should be agreed to replace the invalid or unenforceable provision, the effect of which comes as close as possible to the economic aims that the parties to the agreement were pursuing with the invalid or unenforceable provision.

The provisions above shall apply accordingly in the event that the agreement should turn out to have any loopholes.