



IBER-OLEFF



Supplier Quality Agreement

- Iber-Oleff -

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Table of Contents

1. Introduction	3
2. Scope	3
3. Quality Commitment	3
4. Supplier Management System	4
5. Project Development	5
6. Advanced Planning Quality Product (APQP)	5
7. Production Part Approval Process (PPAP)	6
8. Production Process Validation	7
9. Product Monitoring	7
9.1 Control Plans	7
9.2 FMEA's	7
9.3 Tests	7
10. Engineering Changes	8
11. Documentation Filing Period	Erro! Marcador não definido.
12. Property Belonging to Iber-Oleff	Erro! Marcador não definido.
13. Capacity	9
14. Product Acceptance Criteria	9
15. Conformity Certifications	9
16. Traceability	10
17. Purchased Material and parts Quality Control	Erro! Marcador não definido.
18. Product Quality Control	Erro! Marcador não definido.
19. Non Conforming Product	11
19.1 Costs recovery	11
20. Quality Complaints Handling	Erro! Marcador não definido.
21. Derogations	13
22. Monitoring Supplier Performance	13
22.1 Criteria for Supplier Performance Evaluation	13
22.2 Supplier Qualification Levels	14
22.3 Annual Quality Goals	15
23. Audits	15
24. Communication Plan	15
25. Contingency Plan	16
26. Annual Requalification	16
27. Continual Improvement	16

1. Introduction

The continuous growth of worldwide competitiveness and client's expectations has lead Iber-Oleff and its supplier chain to a constant improvement on products, processes and services.

Our capacity to exceed customer's expectations in terms of product and service quality is a decisive factor to ensure Iber-Oleff future and success in a sustainable way.

Iber-Oleff supply chain plays a decisive role on the performance of these efforts.

In order to attain this goal, Iber-Oleff expects its suppliers to read, agree with and implement the terms and conditions mentioned in this Quality Agreement.

The latest edition of the Quality Agreement is available at Iber-Oleff's website, on *www.iber-oleff.pt*.

2. Scope

This Quality Agreement, together with General Terms and Conditions of Purchase, project specific requirements, No Disclosure Agreement (NDA), Purchase Order (PO) and Logistics Agreement are an integral part of the supply contract between Iber-Oleff and its suppliers on what concerns product deliveries according to PO.

This document replaces all written or oral agreements previously established.

3. Quality Commitment

Iber-Oleff is fully committed with its clients to deliver products with Zero defects and 100% Delivery.

To attain such goals, Iber-Oleff expects suppliers to have a philosophy of commitment to Full Quality. This commitment begins with the Management and shall be extended to all organization levels and operations.

Within the framework of Full Quality philosophy, Iber-Oleff expects to maintain with its suppliers a relationship based on the concept of Quality Assurance. This concept requires supplier to ensure a quality product delivery, which means that products may enter directly to the warehouse and be used in production without any previous inspection.

Nevertheless, and during project lifetime, Iber-Oleff shall perform Technical Inspections, whenever it is considered appropriated.

4. Supplier Management System

Suppliers of productive material must have implemented a certified quality management system, at least according to standard ISO 9001: 2015, but preferably in accordance with a standard from the automobile sector: IATF 16949:2016 (Quality Management System – Automotive Industry).

Supplier must ensure a quality certification valid through the entire project lifetime.

All requirements from IATF 16949: 2016 standard, as well as other additional requirements that may be relevant, such as Iber-Oleff's Customer's Specific Requirements, must be included in the supplier's Quality Management System.

To access the Customer Specific Requirements, click on the links below:

- [BMW-Customer-Specific-Requirements APR2021](#)
- [Customer-specific-requirements Mercedes- Benz Group AG, February 2022](#)
- [Ford Motor Company Specifics for PPAP, 1 July 2023](#)
- [Ford Motor Company Specific Requirements for IATF16949, 1 March 2024](#)
- [Minimum-Automotive-Quality-Management-System-Requirements-for-Sub-tier-suppliers-2ndEd-rev2](#)
- [Groupe-Renault CSR Change History 2023](#)
- [Groupe-Renault CSR- 6 November 2023](#)
- [Volkswagen-Group CSR IATF-16949 Mar-2022](#)

Iber-Oleff also encourages all its suppliers and sub-suppliers to be certified in accordance with ISO 14001, as well as other certifications that may be relevant to guarantee environment protection.

Supplier shall ensure the fulfillment of national legislation and European regulation in this scope.

Supplier shall send Iber-Oleff a copy of the certifications, whenever they are updated.

5. Project Development

During project development and industrialization phase, Iber-Oleff and supplier must carry out together a risk assessment to minimize potential problems during project lifetime, considering the following steps:

- Risk analysis is carried out according to Iber-Oleff and supplier's experience with previous projects.
- This analysis must preferably focus on prevention and Iber-Oleff and supplier's experience gained (Lessons Learned), rather than on problem detection and correction.
- Definition and implementation of an action plan for risk minimization, including actions, responsibilities and deadlines.
- Definition of the methodology for plan follow-up.

6. Advanced Planning Quality Product (APQP)

Advanced Product Quality Planning (APQP) means all actions that must be planned previous to SOP, as a way to guarantee product industrialization at quality level defined by client.

Advanced Product Quality Planning is a requirement from IATF 16949 and VDA 6.1 standards. It consists in the use of management tools and control plans that enable the creation of a product quality plan as a support to the development process of products that satisfy customer needs.

In order to that, supplier must elaborate and present a quality plan to be validated for the following stages:

- a) Prototypes and first samples delivery
- b) Series and after-market parts

Quality Plan must be created in conformity with requirements of VDA 6.1 or IATF 16949 standards, taking into account:

- Production Part Approval Process - PPAP;
- Advanced Product Quality Planning - APQP;
- Control Plan (identifying special features)
- Potential Failure Mode and Effects Analysis - FMEA;
- Measurement Systems Analysis - MSA;
- Statistical Process Control - SPC;
- 8D reports, etc.

7. Production Part Approval Process (PPAP)

Supplier shall deliver first samples to Iber-Oleff:

- These shall be produced using the same labor force and tooling/equipment that will be used in series production;
- These must fulfill all specifications, drawings and other requirements defined in the documentation given by Iber-Oleff.
- These must be delivered with all documentation defined in PPAP (VDA Vol.2), on previously agreed time and quantity;
- If the PPAP submission level is not specified, the supplier should adopt the level 3 as a reference.

Iber-Oleff validation shall be made preferably through Part Submission Warrant (PSW).

In the event of changes to the process or product, new samples shall be sent to Iber-Oleff for validation/approval.

The PPAP of raw material suppliers shall consist in the PSW cover sheet and the technical data sheet of the product supplied.

8. Production Process Validation

Series production undertakes a very well planned development, industrialization and production process (Launch-readiness). This is the only way to ensure the setup and implementation of a stable and problem-free series production.

Iber-Oleff must be informed and involved in the approval of production specific processes from its suppliers and sub-suppliers.

9. Product Monitoring

9.1 Control Plans

Products delivered to Iber-Oleff must have a control plan.

Advanced Product Quality Planning described in VDA 6.1 and IATF 16949 standards must be used as reference to create and maintain control plans.

9.2 FMEA's

Supplier must keep FMEA documentation concerning delivered products available for analysis and approval by Iber-Oleff.

9.3 Testing

Supplier shall develop a plan for laboratory tests and others necessary to product approval.

Test results, including non-conform results and corrective actions, shall be submitted along with PPAP documentation.

Supplier must identify which tests are conducted internally and externally.

In case external complementary tests are required, chosen laboratories must be accredited and indicated in PPAP documentation.

10. Engineering Changes

Each and every change to documentation, drawings, raw material, specifications, tooling, equipment, manufacturing process, final product, production site and packaging is considered an "Engineering Change".

Prior to the delivery of products with engineering changes, Iber-Oleff must be informed and approve such changes. In case of changes to the product or process, supplier shall submit a new approval process to Iber-Oleff, including samples for validation and approval.

Supplier must specifically identify in the packaging, with standard Iber-Oleff labeling, the first 3 batches of new products with engineering changes so that Technical Reception area is alerted to that situation.

Supplier must keep records of all product and process changes, whether of its internal production or of its sub-suppliers and make it available when required.

11. Record Retention

According to Community Directive 1999/77/CE and in the absence of specific indication from the client, records of product and process approval, Tooling (Maintenance and Property), Purchase Orders, Contracts and Amendments shall be retained for the length of time that the product is active for production and service requirements plus 1 calendar year.

Customer Specific Requirements regarding record retention must be fulfilled when applicable.

12. Property Belonging to Iber-Oleff

After payment, all tooling, equipment and control means are considered property of Iber-Oleff. Payment of last third of the equipment/tool (e.g. mold, jig or others) is subject to PPAP approval and process validation, and does not hinder Iber-Oleff's property right.

Whenever supplier is in possession of tooling that is property of Iber-Oleff, these must be identified as such with standard label of Iber-Oleff, and send photographs and signed documentation as an evidence of equipment reception. At the end of each year, supplier shall send an updated list of Iber-Oleff tooling and equipment existing in its facilities.

Tooling and equipment that are property of Iber-Oleff must be kept in good conditions of use and maintenance. This maintenance and corresponding record's update is a responsibility of the supplier.

13. Capacity

In terms of equipment and human resources allocated specifically to the project, capacities must be acknowledged and previously validated by Iber-Oleff, as well as the processes and production concepts.

Supplier must have implemented a quality and capacity management process of its sub suppliers that allow identification and correction of eventual deviations of the agreed.

14. Product Acceptance Criteria

Acceptance criteria of supplied products must be defined and agreed between Iber-Oleff and supplier for each project, based on customer requirements and automotive industry standards, prior to SOP during initial samples approval phase.

15. Conformity Certifications

In case of raw material, painting material, foils or other material in which qualitative control by Iber-Oleff technical reception area is not feasible, each batch must be shipped with its respective conformity certificate.

As an alternative, supplier may also send the conformity certificates previously by email or indicate where they are available and how to obtain them, namely through the company's website or supplier portal.

The type of characteristics/tests executed and mentioned on the quality certificates must be previously agreed and validated by Iber-Oleff.

16. Traceability

Supplier's traceability process must be effective in such a way that it enables the identification, for each product, of the respective production batch of the applicable process.

In addition, traceability process must be strong enough to enable identification and segregation of material produced externally at his sub-suppliers, whenever applicable.

17. Purchased Materials and Parts Quality Control

Supplier is responsible for the management of his suppliers and sub suppliers, ensuring the quality of its products.

Supplier must ensure a quality control plan of the material in the technical reception area, namely of the raw material, injected parts, chromed parts and others from its sub-suppliers.

This plan must take into consideration the risk and impact on the product supplied to Iber-Oleff.

18. Product Quality Control

Suppliers must have implemented control processes and systems to avoid shipment of non-conform material to Iber-Oleff and to his clients.

Supplier must ensure that products supplied to Iber-Oleff fulfill the concept of Quality Warranty, through accomplishment of defined Control Plan and acceptance criteria.

Whenever supplier jeopardizes the accomplishment of defined acceptance criteria, Iber-Oleff must be previously informed.

19. Non Conforming Products

Iber-Oleff is entitled to reject all products that presents quantitative and/or qualitative problems, appearance, dimensional or functionality defects that are not in accordance with agreed specifications and acceptance criteria.

Non-conform products detected by Iber-Oleff or its clients is immediately communicated to supplier and must be replaced by conform product as soon as possible and at supplier's expenses.

Disposal of non-conform products must be defined by supplier (return or scrap) and communicated to Iber-Oleff in one week, at supplier's expenses. If in one week no decision is transmitted, Iber-Oleff shall decide about the material disposal and charge supplier for all the inherent costs.

In case Iber-Oleff or its clients have to proceed to product control, whether complete or partially, due to supplier's problems with the product, all administrative costs, as well as transportation, staff, inspection/control and/or maintenance costs shall be charged to supplier.

Iber-Oleff and/or its clients are entitled to hire an external specialized company to execute the above-mentioned operations.

Products repairing must be executed by supplier and controlled according to existing control plans and procedures.

Repaired product has to be submitted to Iber-oleff for approval.

Supplier must take all adequate containment measures and replace rejected products without costs for Iber-Oleff.

19.1 Costs recovery

Suppliers are responsible for costs arising due to supplier's fault. Iber-Oleff shall calculate the total cost and notify supplier with a detailed summary. After being notified, supplier must settle the situation by sending a credit note in a maximum period of 30 days.

20. Quality Complaints Handling

In case of complaints related to the quality of supplied material, Iber-Oleff expects suppliers to take immediate actions to contain the situation and protect Iber-Oleff and its clients from receiving non-conform material.

Supplier shall be available, when required, to send a qualified technician to Iber-Oleff or to the client in order to analyze the problem and suggest adequate containment measures and problem resolution.

Quality Complaints are communicated to Suppliers in format IO-Q388 **Supplier Complaint Report**.

Quality problems resolution must be documented and reported in 8D report format.

Root Cause analysis must be done using problem solving methods ex. Ishikawa, 5 whys'.

When specifically solicited by Iber-Oleff, supplier shall respond through 8D format for failures detected on product reception, on production or at the clients.

Corrective actions defined by supplier must ensure that the problem doesn't repeat.

Iber-Oleff shall, whenever necessary, demand for evidences of action's implementation.

Supplier shall respond timely and within the time limits defined below:

- Containment actions - maximum 24h
- Corrective actions - maximum 10 working days, from the complaint issue date

Suppliers are responsible for eventual financial costs incurring from the supply of non-conform material. These may include, besides replacement of material, products adjustments (namely painting material), inspection costs, urgent transportation, or others from Iber-Oleff or its clients provided that they are duly justified, including inherent administrative costs (complaint fee).

21. Derogations

Whenever the need to demand for product derogation due to non-compliance of the defined specifications is foreseen, supplier shall present the situation to Iber-Oleff in advance, through problem description and its identification on the product, sending representative samples of the problem, as well as indicate the affected quantities and a period prevision for intended derogation. After analysis, Iber-Oleff formalizes derogation approval or disapproval. In case of approval, Iber-Oleff defines the quantities and derogation period. For some specific situations, Iber-Oleff might take the initiative to concede derogations for material shipping, indicating derogation reasons and validity period.

22. Monitoring Supplier Performance

22.1 Criteria for Supplier Performance Evaluation

Minimum requirements to become Iber-Oleff supplier is to have a quality management system certified in accordance with ISO 9001 standard, VDA 6.3 or equivalent.

Iber-Oleff evaluates continuously the performance of its suppliers and this evaluation is based on the following criteria:

- i. Quality and environment certification (*preference to suppliers certified with ISO/TS 16949, VDA 6.3 and ISO 14001 standards*);

- ii. *Quality (PPM calculation and analysis of shipment problems, according to its gravity);*
- iii. *Logistics (days of delay and quantities);*

22.2 Supplier Qualification Levels

Upon supplier's performance, a quality level is assigned:

Quality Level	Compliance level
A	<u>Excellent</u> Preferred supplier for new projects
B	<u>Good</u> Eligible supplier for new projects
C	<u>Insufficient</u> Supplier excluded for new cotations and new projects
D	<u>NOK</u> To be removed from Iber-Oleff supplier panel

- Suppliers with evaluation level C are excluded from quoting for new projects until obtain at least level B.
- Suppliers with assessment level D are excluded from the qualified supplier panel.
- In case a supplier has its quality certification withdrawn, can only supply current projects and is submitted to following conditions:
 - Received products will no longer be under "quality warranty";
 - Supplier must recover the certification in a maximum time period of one year and send a plan for recertification;

- Special follow-up will be done through visits and/or self-assessments.

- If, after withdrawal of quality certification, supplier doesn't plan a recertification or, in the other hand, isn't certified after one year, supplier will be replaced by an alternative supplier.
- Iber-Oleff communicates to all suppliers by the end of each semester, their level of qualification from the previous 6 months.

22.3 Annual Quality Goals

For supplier performance evaluation, Iber-Oleff considers as a general goal the following requirements:

- Products that fulfill defined technical requirements;
- 100% Compliance with delivery deadlines;
- 100% Compliance with ordered quantities;
- Price performance;

Quality performance evaluation is based on the following criteria:

- Non conform products;
- Client complaints and alerts;
- Repetitions of the same problem;

23. Audits

Whenever necessary, Iber-Oleff might perform Quality assessments at supplier's facilities, upon previous notice, or require a self-assessment according to the VDA 6.3.

24. Communication Plan

Supplier must provide Iber-Oleff with:

- List of preference routine and emergency contacts: commercial, logistics, quality and safety product representative.

- Annual calendar, indicating vacation period, local holidays, maintenance stoppages, etc.

25. Contingency Plan

A contingency plan must be created in order to have a list of the actions to be taken in case of emergency situations.

Contingency plan must identify beforehand unexpected situations in order to minimize impact and protect Iber-Oleff and its clients.

At least following situations must be analyzed and eventually other situations that might be considered important added:

- Communication process in case of crisis;
- Safety stock changes at supplier and at Iber-Oleff;
- Alternatives for production;
- Alternatives for raw-material supply;
- Alternatives for regular means of transport and transport routes;
- Equipment/tooling damage;
- Alternatives for lack of capacity;
- Alternatives for rejection levels way above planned;
- Electricity or water failure, shortage of staff, etc.;
- Other situations that the parties consider necessary.

26. Annual Requalification

Annual requalification of the product supplied to Iber-Oleff must be included in the Process Control Plan. In this context, minimum characteristics to be controlled must be discussed with Iber-Oleff, as well as control periodicity.

Results of requalification must be documented and shall be accessible to Iber-Oleff when requested.

27. Continual Improvement

Iber-Oleff supports its suppliers and sub-suppliers through implementing internal programs of continuous improvement of its Quality and Service processes. In order to maintain competitiveness, Iber-Oleff cooperates with its supplier chain in process optimization and cost reduction.

This cooperation will contribute for our customer's satisfaction, to fulfill their requirements and continue to work together with our supply chain in order to find new ways of improving competitiveness and, consequently, obtain new business for Iber-Oleff and its suppliers.

28. Editions

Edition	Date	Comments
1.0	06-03-2012	Preparation of the document "Quality Assurance Agreement"
2.0	16-05-2014	Document update considering the update of the IATF 16949:2016 standard.
3.0	19-03-2021	Point 28 has been added. "Editions"
4.0	10-05-2021	CSR's access added to point 4 – Supplier Management System on Iber-Oleff's site
5.0	15-06-2022	Update deadlines for containment and corrective actions in point 20, and update of the Annual Requalification in point 26.
6.0	16-11-2023	Update IATF CSR documents
7.0	05-08-2024	Added Problem Solving Methods in point 20, Quality Complaints Handling Updated Supplier performance evaluation time period, point 22.2 Supplier qualification Levels. Updated record retention time periods, point 11 Record Retention



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