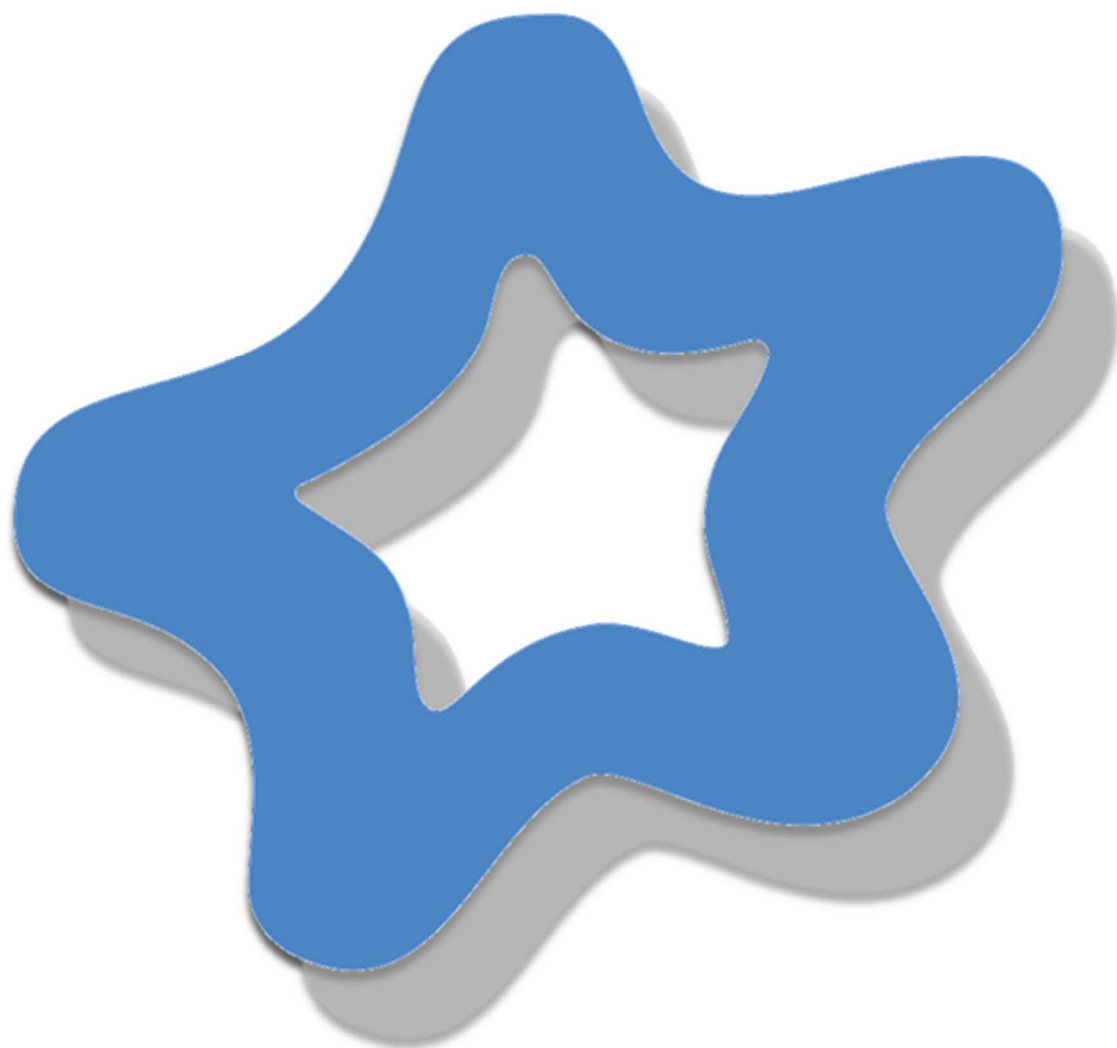




QUALITY ASSURANCE GUIDE

FOR SUPPLIERS



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Introduction

The mission of the Simoldes Group Plastics Division is to be the preferred choice of its customers, employees and suppliers, contributing to sustained growth for the satisfaction of its shareholders.

For achieve this it is essential that all products produced and purchased by Simoldes meet required specifications.

Achieving world-class performance levels is only possible linking suppliers to a common quality assurance policy providing, throughout the production flow, that all quality procedures are applied.

The development of a narrow Simoldes Group Plastics Division collaboration with suppliers from the product design phase up to series supplies is fundamental to achieving the goal of zero defects.

This manual sets out the principles that should guide the relationship Simoldes Group Plastics Division with its suppliers to treat the quality of its products.

The Quality and Environment Policy is available at www.simoldes.com/plastics/quality.

Objective

To secure quality assurance of products from initial reception in our facilities to use by the end customer, establishing the means of communication and sharing methods among companies Simoldes Group Plastics Division and its suppliers.

1. Request for Quotation - RFQ

The Request for Quotation (RFQ - Request for Quotation) is the process that precedes the selection of a supplier and allows the supplier to supply goods or services. Documents associated with this phase are:

I. Molds

- a. Sheet specification mold - **M041PP02.I** - identifies the specific characteristics to the part template in question
- b. Template Terms of Reference - defines the general specifications for all Group templates Simoldes

II. Equipment's

- a. Equipment Specification Sheet - **M037PP02** - identifies the specific characteristics to the equipment in question.
- b. Terms of Reference of Equipment - defines the general specifications for all Group facilities Simoldes.

III. Control Means (MDC)

General Specification for the construction of specific control means and the specification for the construction of the control means - defining the characteristics / specifications required in the construction of control means.

IV. Materials / Components and Subcontracting

Request for Quotation (RFQ) - **M011PS02**:

- Decomposition part price - identifies what is included in the price offered (material / process / logistics ...);
- Packaging concept - sets the general rules for the design of products and packaging components.

V. Logistics Services / Transportation

Provision of Services Contract Specifications Logistics / Transportation Regular - defines the specific features adjacent to a Logistic Service / Transport

Besides these documents may be sent others, in addition to the consultation dossier. The "General Purchasing Conditions" of Simoldes are sent to the supplier at this stage and apply to all Request for Quotation (RFQ) and available at www.simoldes.com/plastics/purchasing.

2. Selection and Evaluation

The materials purchased by companies Simoldes are classified into two families:

- I. **Direct Materials:** materials which form an integral part of the final product to the customer (raw material and the product and packaging components - BOM)
- II. **Indirect Materials:** materials that are not part of the final product to the customer and services in general.
 - a. related with the final product: production and control tools, engineering / laboratory services;
 - b. No related to the product and known as NPR (Non-Product Related):
General services, equipment and materials (for maintenance and production), Logistics operations and transport.

All awards are preceded by a vendor selection process.

Distinguish are two processes in selecting a supplier:

- Supplier belonging to Simoldes panel and previously qualified
- Supplier out of the panel (new)

In this the latter case, it is necessary to fill the "Supplier Identification Sheet / Inquiry Quality Assurance System" **M007PS02**. In this document, in addition to the identification data it is done a survey on the elements of the supplier's Quality Assurance System. The supplier identification sheet includes risk assessment for new suppliers.

Assessing the supplier results in three levels of classification / risk:

- Provider Low risk
- Provider Moderate risk
- Provider High risk

High risk providers may only integrate Simoldes suppliers panel after implementation of corrective actions that prove necessary to improve the classification.

The evidence of supplier quality certifications must be submitted by the supplier.

The Simoldes Group Plastics Division may ask at this stage an audit of the processes of the supplier, and the supplier informed in advance of the audit realization of intention.

The panel suppliers are evaluated by Simoldes Group Plastics Division an annual basis, according to **M016PS02** matrix.

The supplier evaluation results in three levels of classification: A, B and C.

- Provider A - Low Risk
- Provider B - Moderate Risk
- Provider C - High Risk

All valued at B suppliers must submit a plan of improvement actions on the issues identified in the assessment, and the improvement plan submitted within 30 days. To suppliers valued at C may not be awarded new products or services by implementing corrective actions for deviations identified in the assessment.

Annual Strategic of Direct Materials Suppliers - M016PS02

It is evaluation covers different areas, including:

Q - "Quality": PPM; Quality complaints; Number of stops on the Customer; Number of internal production stoppages; Quality System Certification; customer audit results; Response time step 4 of 8D

W - "Cost": Productivity; Prices vs Market

D - "Logistics": Logistics Complaints; Number of occurrences of premium freights

D - "Development": Innovation Capacity; Co-development

M - "Management": Attitude; Dedicated structure; Financial situation

Evaluation of Suppliers of Direct Materials - M016PS02

This assessment is applicable annually to all suppliers and each quarter a supplemental assessment is made to suppliers that show significant deviations from defined targets and are considered critical. This evaluation covers two areas:

Q - "Quality": PPM; Quality complaints; Number of stops on the Customer; Number of internal production stoppages; Quality System Certification; Response time step 4 of 8D

D - "Logistics": Complaints Logistics; Number of occurrences of premium freights.

Annual Review of Indirect Materials Suppliers - M016PS02

This review covers the following purchase areas:

Calibration and Ens. Lab Serv. Engineering: Performance service, price, Response time, Delivery Time, Geographical proximity - **M016PS02.**

Means of Production and Control: Technical capacity and autonomy, Delivery Time, Financial Capacity, Quality Execution, Technical Assistance and Response Time - **M016PS02.**

Transport: Service Performance, Price, Response Time and Financial Capacity - **M016PS02.**

Annual Quality Commitment - M006PS02

Applying Zero defects strategy annually share with our suppliers a Quality Commitment, structured by business area, which should ensure the Simoldes and customer requirements, through partnerships and Process Improvement.

The M006PS02 document is sent annually to each Supplier / Economic Group and defines the Quality Goals PPM, Incident (Quality and Logistics) and Time 8D response - Step 4, for the current year. If deviations are found to defined objectives, the supplier will be alerted every month and you will be required to implement a plan of action to fix them.

Note: materials suppliers to incorporate in products supplied to the VW Group will have to appoint and report (if requested) a person responsible for Product Safety (PSB). This requirement is transmitted to their sub-suppliers (VDA 6.3).

3. New Product Development

3.1. Input data to offer

The array of "Product specification: components & sub" - M008PS02 - determines required specifications for the product and is provided by the Purchasing Department at the consultation stage. This matrix relates the contract applicable charges, namely: identification standards, plans, forecast volumes, logistics, quality objectives, defining critical characteristics necessary documentation for the Initial Sample Dossier (DAI), etc.

The supplier, rather than specialist must request through the Purchasing Department, any additional information it deems necessary for the price of their goods or services ensuring that they meet the objectives.

Where necessary can be promoted a meeting between technical teams to clarify all matters relating to specifications.

3.2. Brief Initial Samples

After award, the supplier must submit the requested date (see the matrix "Product Specification") accompanied by the samples of the respective initial samples Dossier (DAI) (*).

The dossier of initial samples aims to demonstrate the conformity of the product presented in accordance with the required specifications and must contain all the required points on the rating matrix.

This dossier of initial samples must submit a properly completed cover sheet. For the supplier effect, you can use "PSW PART SUBMISSION OF CERTIFICATE" or VDA format / PSW according to **M017PS02** / **M018PS02**.

Initial samples must be produced in series conditions without rework or any other type of treatment not representative of the process to implement in series.

It must be submitted a new dossier of initial samples where they exist:

- Technical changes / Specifications
- Changes in the production process or supplier's production site
- Changes of materials / components of the product supplied
- Product requalification every 3 years: Dimensional, Functional and Laboratorial

In the absence of express declaration, it is assumed that the supplier understands and applies the specifications and Customer Specific Requirements Final (OEM) and ensure their implementation in its suppliers.

To ensure the quality of products supplied to the Simoldes Group Plastics Division, the supplier shall proceed to regular renewal of these, according to IATF 16949 (section 8.6.2 - Layout inspection and functional testing). To do so, a complete retraining is necessary, at least every 3 years.

The provider must maintain the productive capacity in accordance with DAI throughout the life of the product including life series and after sales (15 years after production series). For this application is the vendor to keep the DAI during this period.

(*) Brief initial samples (DAI) also called PPAP ("Production part approval process"), or PSW (Parts Submission Warrant).

3.3. Validation

The analysis of the DAI result of the following decisions:

- **Approved:** authorization providing unrestricted.
- **Conditionally Approved:** providing released in limited quantity or time. The conditional delivery period should allow the implementation of actions required to complete the validation process for final approval.
- **Rejected:** No authorization to supply, forcing the submission of new initial samples and respective DAI with the necessary corrections.

The correction of non-conformities will be implemented within a time agreed between both parties before starting the supply (pre-series or series).

No early delivery can take place without prior validation of the Quality Department of Simoldes Group Plastics Division.

Products that do not have DAI (ex. Raw Materials and Masterbatches) will also have to be submitted to the samples of the validation process.

4. Supply Direct Materials Series

4.1. Technical reception

It is the supplier's responsibility to implement in their production and logistical process of appropriate methods and tools to ensure the supply of products to specifications and presented DAI. With the fundamental base this assumption, the technical acceptance of products in companies Simoldes is made according to the following methodology:

Condition I - 20 Control 5 consecutive samples in batches if OK changes to the condition II.

Condition II - Control 3 5 consecutive samples in batches if the condition changes to OK III; I change to the condition if it is detected not as one unit.

Condition III - Product in Quality Assurance, 5 control samples 1 lot per semester; II shifts to the condition if it is detected not as one unit.

The CHARACTERISTICS the control and the control means are defined by companies of Simoldes Group Plastics Division on the specific nature of the products supplied.

4.2. Non-Conforming Products

At non-conformities can be detected by the companies of Simoldes at different stages of the process, namely:

- On receipt of control
- In the manufacturing process
- At the end client

Nonconformities can be like:

- Quality: Dimensional functional aspect, shelf life, mixing references / Parts
- Logistics: Quantities, delivery and packaging NOK
- Documentation: Relative to product quality (documentation on expiry date; certificates, lot number, etc.) and logistics (delivery notes or other documents missing or incorrect reporting).

In case of detection of non-compliance, the companies of Simoldes send the supplier a Non-Conformity Report (RNC), identifying the problem by **M015PP06** matrix or other document equivalent, with the same content.

It is expected the supplier the following treatment:

- a. Promote the screening of all suspicious material / non-compliant at its premises and the premises of the companies Simoldes Group Plastics Division
- b. To define and inform containment actions of the problem within 48 hours.
- c. Send new products after sorting, properly identified for restocking
- d. Identify the causes of the incidents and implement its plan of corrective and preventive actions. This action plan should be presented in 8D format (example M016PP06 and shipped within 7 days of receipt of the non-compliance report).

4.3. Costs related to non-compliance

In each non-compliance is made a study of the costs involved throughout the supply chain, following the Synoptic costs (see appendix).

All costs involved will first be sent to the supplier, in detail, through the Non-Conformity Report.

The supplier will have 24 hours to answer any questions before the debt issued by companies in the Simoldes Group Plastics Division.

5. Specific Requirements automotive and Customers

Simoldes Group Plastics Division suppliers are required to comply with Simoldes Group Plastics Division requirements, the automotive sector and specific end customer requirements, where applicable, as well as the statutory and / or regulatory requirements in force in countries of origin, assembly or destination of products, processes or services.

The Simoldes Group Plastics Division ensures the availability of the necessary documents and information through the website www.simoldes.com/plastics.

Note: Some of the documents may require the supplier of pre-registration.

6. Supplier Development

6.1. Supplier Quality System Development

To Simoldes Group Plastics Division providers is required the development, implementation and improvement of a system of quality management certified according to ISO9001, unless otherwise agreed with the client, with the ultimate goal of certification by the standard IATF16949, for all suppliers of direct materials Production.

6.2. Audit Second Part

The Simoldes Group Plastics Division may request audit of supplier processes and products, according to reference recognized by the end customer, and the supplier informed in advance of the audit realization of intention. The action plan must be presented within 30 days.

A follow-up plan actions every 3 months until its closure will be carried out through visits to the supplier or other means, if agreed with the Simoldes.

7. Environmental Requirements

Under the Environmental Management System, the Simoldes intends to move its suppliers to adopt environmentally sustainable practices.

The Simoldes providers must:

- Ensure compliance with all environmental requirements imposed by applicable law.
- Develop production practices to minimize the generation of solid waste, air pollutant emissions and emission of liquid effluents.
- Ensure the implementation of control of consumption of natural resources policies.

- Whenever possible to implement environmental management systems that enable its sustainable development.

Note to substances suppliers and dangerous mixtures: These providers must ensure that product safety data sheet and the respective labels are in the destination country's language of supplies.

8. Sustainability and Social Responsibility

The Simoldes Group Plastics Division intends that its business partners, in the scope of its activity, be aligned with the Principles of Sustainability and Social Responsibility, as defined by the Global Compact and the Business Charter for Sustainable Development of the International Chamber of Commerce (ICC):

- Human rights

- Principle 1: Businesses should support and respect the internationally recognized protection of human rights;
- Principle 2: Ensure their non-participation in human rights violations.

- Work Practices

- Principle 3: Businesses should support freedom of association and effective recognition of collective bargaining.
- Principle 4: The abolition of all forms of forced and compulsory labor.
- Principle 5: Effective abolition of child labor.
- Principle 6: Elimination of discrimination in employment.

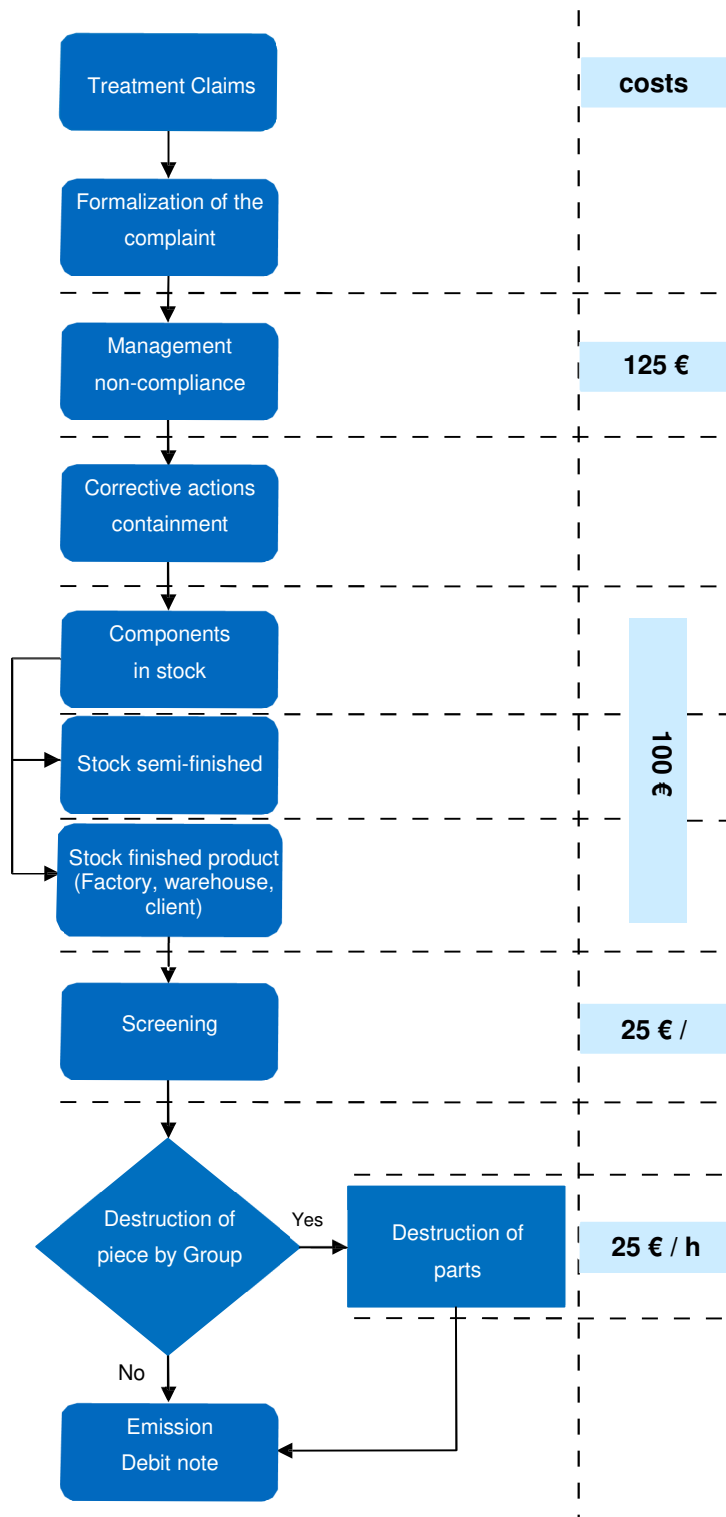
- Protection of the Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges.
- Principle 8: Carry out initiatives to promote environmental responsibility.
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

- Anti-corruption

- Principle 10: Businesses should combat corruption in all its forms, including extortion and bribery.

9. Appendix - Synoptic



- Analysis of problem
- Contact with the provider
- Documents delivery to provider
- Registration the complaint
- Follow-up communications for the provider
 - Analyze of action plans
 - Meeting/ Visit to suppliers
- identification and separating parts incriminated
 - Preparation debit note
- Inventory and evaluation of stock
 - Supplier Evaluation
- Supply Tracking of substitution
 - Screening Supervision (the Simoldes or externally)
 - When necessary, transport organization (shipping costs charged to the supplier)
 - Forklift + Conductor for maintenance
 - Screening Cost
- Inspection enhanced reception in tracking shipments of complaints
 - Costs screening + Logistics
 - Costs direct line stop due to
 - Direct costs due to reduction of working time
 - Direct costs semi-finished product rejection + finished product where the components were integrated
- Direct costs screening (rework, etc. ...)
- Treatment Costs complaint on the client

