

## GUIDELINES FOR COOPERATION WITH SUPPLIERS

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# CONTENTS

## 1. Foreword

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1.1	Intent	Page	3
1.2	Other existing documents	Page	3
1.3	Relevant regulations	Page	4
1.4	Code of Conduct	Page	5

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## 2. Guidelines for purchasing

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2.1	Requests	Page	11
2.	Submission of bids	Page	11
2.3	Supplier self-disclosure	Page	11
2.4	Supplier self-audit	Page	11
2.5	Nomination of suppliers	Page	12
2.6	Framework agreements / Individual orders / Delivery schedules	Page	12
2.7	Packaging	Page	13
2.8	Outsourced processes	Page	14
2.9	Recourse	Page	14

---

## 3. Quality guidelines

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3.1	Quality planning	Page	15
3.2	Proof of capability	Page	15
3.3	Production process and product approval	Page	16
3.4	Initial sample approvals	Page	16
3.5	Series production	Page	17
3.6	Defective parts	Page	18
3.7	Procurement from Subcontractors	Page	21
3.8	"A" parts	Page	21
3.9	Quality performance evaluation	Page	21
3.10	Audits	Page	23
3.11	Requalification tests	Page	23

---

## 4. Appendix

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# 1. FOREWORD

## 1.1 Intention

The success and positioning on the global market of **Imperial Auto Germany GmbH** and **Imperial Auto Slovakia s.r.o.** (hereinafter referred to as "IMPERIAL") are determined in particular by the quality of our products. The services we purchase have a significant influence on the quality of our products. The product quality of our suppliers directly influences our performance vis-à-vis our mutual customers.

The application of modern quality management methods is a matter of course for us and our suppliers. In this context, we place particular emphasis on customer satisfaction throughout the entire supply chain. Optimal logistics, a high degree of flexibility, and excellent adherence to deadlines and quantities round off the performance of our suppliers.

This supplier guide serves to further improve successful cooperation in order to jointly meet customer requirements. It supplements our contracts and applies to all suppliers of production materials and contract manufacturing.

This supplier guide provides suppliers with the principles we practice, showing them what measures, working methods, and services are required to achieve and maintain "A-supplier" status with us.

These regulations are intended to help deliver error-free, functional, order-compliant, high-quality products within the specified time frame and to provide services that ensure the product quality associated with the IMPERIAL name. To this end, IMPERIAL reserves the right to conduct a process and product audit at any time, including in the case of critical projects or unacceptable response times on the part of the supplier.

Please read this supplier guide carefully and contact IMPERIAL's central purchasing department if you have any questions.

This supplier guide is a binding document. It forms part of the contractual agreements between Imperial and the supplier and is already valid at the pre-contractual inquiry stage.

## 1.2 Other existing documents

This supplier guide supplements the existing terms and conditions of purchase, terms and conditions of purchase for tools, customer-specific requirements, and individually agreed contracts between IMPERIAL and its suppliers.



The current version of the purchasing conditions is published at [www.impauto.eu](http://www.impauto.eu) and is available to all suppliers for download at any time. All suppliers are required to regularly check for new revisions to IMPERIAL's purchasing conditions and other documents.

### 1.3 Relevant regulations

IMPERIAL requires its suppliers and their subcontractors to introduce and apply a QM system recognized in the automotive industry (IATF 16949 or ISO 9001 with or without VDA 6.1).

All suppliers must be certified according to ISO 9001 and their certificates must bear an accreditation seal from a recognized member of the IAF MLA. The main area of activity of the accreditation body must include the certification of management systems in accordance with ISO/IEC 17021. The objective of suppliers and their sub-suppliers must be to ensure that their QM system complies with the requirements of IATF 16949 in its currently valid version and to strive for certification within a reasonable period of time.

Furthermore, we are committed to complying with the latest versions of ISO 14001 (environmental management system) and ISO 50001 (energy management system) and expect our suppliers to do the same. Please note that your quality management system, environmental performance, and energy efficiency are weighted by IAG and taken into account as criteria in the supplier selection process. We require compliance with the General Data Protection Regulation (GDPR) and expect this throughout the entire supply chain.

IMPERIAL is actively working to implement the objectives of REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals). The European REACH Regulation (EC) No. 1907/2006 came into force on July 1, 2007, with the aim of protecting human health and the environment through better and earlier identification and assessment of chemical substances.

On this subject, we refer to your duty to provide information in accordance with Article 33 (1) of the REACH Regulation.

**Imperial Auto Germany GmbH** is committed to maintaining a socially and environmentally responsible supply chain. We will therefore take all necessary steps to avoid minerals of illegal and unethical origin in our products.

We expect our suppliers to avoid any minerals originating from conflict-affected smelters. Minerals are classified as conflict-affected if their extraction, transport, trade, handling/processing, or export directly or indirectly supports non-state armed groups. Our suppliers are required to exercise due diligence throughout the supply chain. This includes implementing measures to ensure that the minerals used by the supplier—in particular tantalum, tin, tungsten, and gold—do not contribute directly or indirectly to the promotion or support of armed conflict.

**Imperial Auto Germany GmbH** also plans to follow the principles established by the United Nations and the US Congress.

In general, you are obliged to supply us with materials that are verifiably free of radioactive contamination and do not contain conflict minerals.

In response to Russia's attack on Ukraine, the EU has imposed extensive economic and financial sanctions against Russia, which we require our suppliers to implement. On June 23, 2023, the restrictive measures were tightened again as part of the 11th package of sanctions and, as of September 30, 2023, also provide for sanctions on circumventing imports of iron and steel products. From September 30, 2023, it will no longer be permitted to directly or indirectly import or purchase the iron and steel products listed in Annex XVII that have been processed outside the EU using Russian raw materials listed in Annex XVII. directly or indirectly. Please note that even for purchases within the European Union, the rules under Article 3g(1)(d) in conjunction with goods listed in Annex XVII of Regulation (EU) 2023/1214 apply.

You must ensure that the quantities delivered to us—which relate to the iron and steel products listed in Annex XVII—are not subject to sanctions and are therefore not subject to any delivery or purchase bans.

IMPERIAL must be kept continuously up to date with regard to the validity of your current QM, UM, EnM, and other certificates. A copy must be sent to IMPERIAL unsolicited no later than two weeks after receipt of the new certificate. Disqualifications must be reported within one week; failure to do so may result in suspension.

Suppliers must comply with the requirements of the AIAG (see [www.aiag.org](http://www.aiag.org)) in accordance with their defined processes in order to meet the specific requirements of our customers. The corresponding self-assessments must be sent unsolicited to [QSK@impauto.eu](mailto:QSK@impauto.eu) every 12 months.

In addition, all applicable Federal Motor Vehicle Safety Standards and ECE regulations must be complied with and implemented.

We require our suppliers and their subcontractors, right down to the producers, to comply with and pass on specific customer requirements and applicable laws for all externally provided processes, products, and services. We also require compliance with the applicable legal and regulatory requirements of the exporting country, the importing country, and the destination country specified by the customer, if this has been communicated by the customer, in the supply chain.

#### **1.4 Code of Conduct**

These standards set out requirements for all Imperial suppliers with regard to human rights and labor standards, business ethics, environmental protection, and safety. They apply worldwide and are intended for both manufacturing suppliers and service providers. The contents of this document are included in the terms and conditions of our contracts with suppliers worldwide. Companies are required to pass on these requirements to their employees and their own suppliers and to ensure compliance. Furthermore, IMPERIAL expects its business partners to comply with all applicable rules and laws. The frame of reference is the Declaration of Human Rights and the United Nations Global Compact, the Guidelines for Multinational Enterprises of the Organization for Economic Cooperation and Development (OECD), and the conventions of the International Labor Organization (ILO).



Imperial Auto Germany GmbH applies the same provisions regarding labor standards, business ethics, environmental protection, and safety in its own operational practices. These are implemented in the guidelines for ethical conduct, the principles of social responsibility, and the environmental and energy guidelines. We support suppliers in implementing these requirements. Imperial Auto Germany GmbH also reserves the right to check compliance and to take action in the event of violations.

All supplier contracts of Imperial Auto Germany GIAGH contain specific clauses in the terms and conditions of purchase, which are based, among other things, on the following external frameworks and guidelines:

- ▢ UN Guiding Principles on Business and Human Rights
- ▢ International Bill of Human Rights
- ▢ Principles of the UN Global Compact
- ▢ Principles of the International Labor Organization
- ▢ OECD Guidelines for Due Diligence in Responsible Business Conduct
- ▢ National Action Plan of the German Federal Government and the resulting Supply Chain Due Diligence Act

The associated demands placed on us and our suppliers are anchored in the following internal company standards, among others:

## LABOR STANDARDS

### **Respect for human rights**

Suppliers are required to respect internationally recognized human rights and promote their observance. In all business activities within their sphere of influence, suppliers shall ensure that they themselves, their business partners, and their suppliers do not commit or participate in human rights violations.

### **Free choice of employment**

Forced or compulsory labor is not permitted. Employees must be free to terminate their employment relationship with reasonable notice.

### **Prohibition of child labor**

Child labor must not be used at any stage of production or processing. Suppliers are required to comply with at least the ILO conventions on the minimum age for admission to employment and the prohibition of child labor. Children must not be hindered in their development. Their safety and health must not be compromised.

### **Equal opportunities / prohibition of discrimination**

Suppliers are obliged to uphold equal opportunities in employment and to refrain from any form of discrimination. Employees must not be disadvantaged on the basis of, for example, ancestry, origin, nationality, skin color, religion, ideology, political or trade union activities, gender, sexual orientation, age, disability, illness, or pregnancy.

### **Freedom of association and Right at Collective bargaining**

Companies should uphold freedom of association and the effective recognition of the right to collective bargaining. It must be ensured that employees can openly discuss working conditions with management without fear of reprisals. The right of workers to associate, join a union, appoint representatives, and be elected to such positions shall be respected.



### **Fairness in wages, working hours, and social benefits**

Remuneration and social benefits must comply with the basic principles regarding minimum wages, applicable overtime regulations, and statutory social benefits. Working hours and time off must at least comply with applicable laws, industry standards, or relevant ILO conventions, whichever is stricter.

### **Health and safety at work**

As an employer, the supplier guarantees health and safety at work at least within the scope of the applicable national regulations and supports continuous development to improve the working environment. Antitrust laws must be complied with. Companies must respect fair competition and adhere to the prohibition of agreements with competitors and other measures that hinder the free market.

## **BUSINESS ETHICS AND COMPLIANCE**

### **Compliance with laws**

The highest level of integrity is expected in all business activities and relationships. Suppliers are required to refrain from any form of fraud or embezzlement, insolvency offenses, corruption, granting of advantages, bribery, or corruption. The supplier is obligated to comply with all laws and regulations applicable to them and the business relationship.

### **Financial responsibility**

We understand our company's responsibility to accurately record, maintain, and report business records, including but not limited to financial accounts, quality reports, time records, expense reports, and submissions to customers or regulatory authorities, as appropriate. We maintain books and records and document them in accordance with applicable law and generally accepted accounting principles.

### **Fair competition**

Laws that protect and promote competition, in particular antitrust laws, must be complied with. Companies must respect fair competition and adhere to the prohibition of collusion with competitors and other measures that hinder the free market.

### **Avoiding conflicts of interest**

Suppliers are required to make decisions based solely on objective criteria when dealing with business partners and not to be influenced by personal or financial interests.

### **Protection of trade secrets**

Suppliers are obliged to treat all non-public commercial and technical details that become known to them through business relationships as trade secrets.





## **Whistleblowing**

Imperial Auto Germany GmbH has implemented a whistleblower policy in accordance with the European Parliament directive and current legal requirements, and expects its suppliers to do the same.

## **ENVIRONMENTAL PROTECTION AND SAFETY**

### **Environmental responsibility**

Suppliers must apply the precautionary principle with regard to environmental issues, take initiatives to promote greater environmental responsibility, and encourage the development and dissemination of environmentally friendly technologies. Protection against harmful environmental impacts from air pollution, noise, vibrations, and similar processes must be implemented throughout the supply chain in accordance with the Federal Emission Control Act (BImSchG).

Suppliers undertake not to cause harm to any person and to protect the environment while we develop our joint products in accordance with these objectives.

The impact on the environment must be recorded, assessed, and used to derive measures for improvement. You work continuously to reduce environmental impact.

In doing so, you comply with the relevant requirements and laws. You are committed to complying with regulations and the requirements imposed on us in the supply chain with regard to environmental protection, and to achieving your own objectives beyond that.

We want to earn the trust of our customers and be a good neighbor to the community where we operate, creating social benefits. The highest level of integrity is expected in all business activities and relationships. Suppliers are required to refrain from any form of fraud or embezzlement, insolvency offenses, corruption, granting of advantages, bribery, or corruption. The supplier is obliged to comply with all laws and regulations applicable to them and the business relationship.

### **Environmentally friendly production**

Optimal environmental protection must be ensured in all phases of production. This includes a proactive approach to preventing or minimizing the consequences of accidents that could have a negative impact on the environment. The application and further development of energy- and water-saving technologies, characterized by the use of strategies for emission reduction, reuse, and recycling, are of particular importance in this context. We pursue the goal of reducing direct and indirect CO2 emissions through effective measures.

### **Energy consumption and energy efficiency**

We use our energy as rationally as possible in order to achieve greater energy efficiency. To this end, we want to reduce our greenhouse gas emissions, focus on green energy, and optimize our processes in such a way that energy losses are minimized in order to achieve the greatest possible benefit with reduced energy consumption.



## **Water consumption and water quality**

As stated in the European Community's legally binding Water Framework Directive, "water [...] is not a commodity like any other, but an inherited asset that must be protected, defended, and treated accordingly."

Imperial Auto Germany GIAGH therefore ensures high drinking water quality and high standards of wastewater disposal, while maintaining long-term supply and disposal security.

## **Air quality**

Air quality describes the condition of the air in relation to the proportion of air pollutants it contains. Indoor air describes the air in rooms within buildings.

Within the framework of the legally regulated standard EN 15251, which defines the European framework parameters for indoor climate, Imperial Auto Germany GmbH ensures the highest possible indoor air quality, as this can have an impact on the well-being and health of employees.

We pursue the goal of continuously reducing direct and indirect CO2 emissions through effective measures.

## **Soil quality**

Healthy soil is a fundamentally important resource, as it is essential for food security, clean drinking water, the preservation of biodiversity, and as a carbon sink.

The company's goal is to sustainably secure or restore soil functions. Hazards to the soil must be prevented, and any harmful soil changes that have occurred must be remediated. In addition, preventive measures are also necessary, which are communicated proactively internally.

## **Resource management**

Imperial Auto Germany GmbH strives to use and procure natural resources responsibly in the development, manufacture, and distribution of its products. We consider the economical use of natural resources such as water, energy, raw materials, and land to be our social obligation.

## **Land, forest, and water rights, eviction**

The supplier is required to avoid forced evictions and the seizure of land, forests, and waterways when acquiring, developing, or otherwise using land, forests, and waterways. It is expected that all relevant national and international legal and regulatory requirements in this regard will be complied with and implemented.

## **Environmentally friendly products**

All products manufactured along the supply chain must meet the environmental standards of their market segment. This includes the entire product life cycle and all materials used. Chemicals and other substances that may pose a hazard when released into the environment must be identified. A hazardous substance management system must be established for them so that they can be safely handled, transported, stored, recycled or reused, and disposed of using appropriate procedures.



### **Animal welfare**

The importance of animal welfare for a humane society cannot be overstated. The way animals are treated reveals a lot about the character of a society and its values. A society that respects and protects animals shows compassion and empathy, which in turn leads to a better society for all living beings. Imperial Auto Germany is committed to promoting animal welfare within the company and society and to supporting appropriate projects by our stakeholders.

## **WASTE PREVENTION AND WASTE DISPOSAL**

### **Waste prevention**

Imperial Auto Germany GmbH strictly adheres to waste prevention, which encompasses all measures that precede material recycling and serve to reduce the amount of waste generated. In addition, Imperial Auto Germany GmbH is committed to avoiding unnecessary waste that could arise from the use of equipment and machinery throughout the entire product life cycle.

### **Waste disposal**

The recyclable raw materials and residual waste generated by Imperial Auto Germany GmbH are collected by certified service providers and processed in accordance with best practice.

In accordance with the Commercial Waste Ordinance (GewAbfV), Imperial Auto Germany GmbH has a customer analysis and disposal concept in place, according to which the company implements the existing Commercial Waste Ordinance in accordance with regulations.

Accordingly, all waste is collected separately and sent for recycling or disposal, as far as this is technically possible and economically reasonable. If separate collection is not possible, the waste is collected as mixed waste due to its small quantity or contamination and immediately delivered to a pre-treatment plant.

### **Chemical management**

Imperial Auto Germany GmbH is committed to minimizing negative impacts on the environment and the health of its employees when handling chemicals, conserving natural resources, and maximizing the benefits of chemical applications for sustainable development.

### **Product safety and quality**

All products and services must meet the contractually agreed criteria for quality and active and passive safety upon delivery and must be safe to use for their intended purpose.

## 2. GUIDELINES FOR PURCHASING

### 2.1 Inquiries

Requests from IMPERIAL must be made in writing by email or fax. The supplier shall independently obtain the standards and guidelines (DIN, ISO, VDA, customer-specific requirements, automotive standards, etc.) mentioned in the respective drawings and component specifications. In the case of drawing parts, the supplier is obliged to check at regular intervals that the documents are up to date.

Furthermore, the supplier undertakes to inquire about the intended use of the requested products (processing steps, surface coatings, etc.).

Before submitting a bid, the supplier shall conduct a feasibility and risk analysis, taking into account its technical and capacity capabilities, which shall be submitted with the bid.

Technical, qualitative, and other improvement opportunities, as well as potential problems, can be addressed in the bid or discussed with the responsible purchaser.

### 2.2 Submission of bids

In order to ensure the transparency and traceability of your bid, we require that the scope of the bid includes a cost breakdown and a manufacturability analysis, including a risk assessment of the component to be manufactured.

Templates for the required documents will be provided by the responsible purchaser during the inquiry process. To ensure fair competition between the suppliers requested, we can only consider offers that include the full scope of the requested documentation. We expect suppliers to identify potential savings and to note these separately as an additional item when submitting their offers.

In addition, we expect our suppliers to offer us more energy-efficient alternative solutions unsolicited, should such solutions be available. Energy efficiency is verified by means of a cost-effectiveness calculation.

### 2.3 Supplier self-disclosure

Regardless of whether we visit your premises in person, we require detailed information about new suppliers. To this end, a self-disclosure questionnaire must be completed (Appendix 2: "Supplier Self-Disclosure"). IMPERIAL must be informed in writing of any significant changes. To this end, we expect you to send us the attached self-disclosure questionnaire in its updated form.

### 2.4 Supplier self-audit

IMPERIAL requires its suppliers to conduct a self-audit in accordance with VDA 6.3 at least once a year (valid for a maximum of 12 months) for all process steps relating to the product groups commissioned by IMPERIAL. The self-audit must be sent to IMPERIAL upon request.

## 2.5 Nomination of suppliers

The decision on nominations is made by the Purchasing, Product Management, Quality, and Supply Chain Management departments in a Corporate Supply Council (CSC). The basis for the business relationship is the framework agreements concluded by Purchasing.

## 2.6 Framework agreements / individual orders / delivery schedules

Order documents are always sent to you by IMPERIAL in writing (by email, fax, or EDI) and are based on our terms and conditions of purchase, terms and conditions of purchase for tools, terms and conditions of purchase for loan agreements, and the supplier guidelines.

The following documents are also part of the contract for purchased parts, services, and outsourced processes:

- Framework agreement
- Delivery schedule
- Order
- Drawing (data record, if applicable)
- Customer requirements

All requirements contained in the order documents must be fully complied with by the supplier. In case of uncertainty, the supplier is obliged to contact IMPERIAL's purchasing department promptly in order to obtain clarification.

Framework orders are usually sent to the supplier by email, and confirmation of the content must be returned to us within 5 days. If no written confirmation is received within the specified period, the framework agreement shall be deemed to have been accepted in its entirety. The period begins on the date of dispatch.

For blanket orders placed, you will receive delivery schedules from our materials management department in accordance with our requirements. If we do not receive a response by email from the sender within 3 days, the delivery dates shall be deemed accepted. The quantities specified for the first month are approved for production, and we may change the delivery dates specified therein up to one calendar week before delivery in accordance with our customers' requirements. The delivery schedule for the second month is only a material release. The delivery schedules for the following months are a non-binding preview.



## 2.7 Packaging

Packaging must be specific to the parts in question and take into account logistics, quality assurance, environmental compatibility, and cost-effectiveness. Transport damage should be avoided by using the correct packaging. If you have not received any packaging instructions with the framework agreement, you are requested to submit a suitable packaging proposal no later than 2 calendar weeks after receipt of the framework agreements and to coordinate this with IMPERIAL. The delivered parts must always be preserved in such a way that no corrosion/flash rust occurs during indoor storage for at least 4 weeks, even under unfavorable weather conditions. All cardboard boxes, KLTs, and other transport packaging must be labeled in accordance with the current VDA 4902 standard as follows:

No.	Field name	Description	IAG specification
1.	Long consignee	1st line Name part 1	Imperial Auto Germany GmbH
		2nd line Name part 2	Plant 1 or Plant 2
		3rd line Country, postal code, city	D-51381 Leverkusen
		1st line Street, no.	Borsigstraße 14 or Benzstraße 13–15 (see (framework) order)
		2nd line Name supplement	
2.	Unloading point		To be specified individually; information from (framework) order; e.g., Plant 1 Goods Receiving Hall 3, Plant 1 Hall 2, etc.
2.	Storage location		To be specified individually; specified by IAG
2.	Consumer location		To be documented individually; specified by IAG
2.5	Consignee long		Unloading point and storage location must be specified
3	Delivery note number		Must be specified by the supplier (no blanket order number!)
4	Supplier address		Abbreviated form is sufficient if details are unambiguous
5	Net weight		Specified in kg
6	Gross weight		Specified in kg
7	Number of packages		Alternative 3 of VDA standard 4902 must be selected here (number per LS no. and item no.)
8	Customer item number		The complete and correct IAG item number must be specified here.
9.1	Filling quantity		per package (final determination after coordinated packaging tests or, if applicable, recommendation by the supplier)
11.2	Customer item number for packaging material		The complete and correct IAG item number must be specified here.
12	Supplier number		Specified by us (vendor number is leading)
13	Date		Be sure to specify the shipping date ("DD.MM.YY")
14	Design revision		Enter the drawing number from IAG here.
16	Batch number		Mandatory field; assigned by manufacturer/supplier
17	Long supplier address		To be documented individually by supplier



## 2.8 Outsourced processes

Outsourced processes are processes that are carried out by external personnel at external locations using the expertise (equipment, tools, gauges, fixtures, process and work instructions) of Imperial Auto Germany GmbH. Outsourced processes are included in supplier monitoring and are subject to control and monitoring by Imperial Auto Germany GIAGH. All internal/external specifications regarding customer requirements are available to the contracted service provider, have been implemented, and the conformity of products and processes is ensured by **Imperial Auto Germany GmbH**.

## 2.9 Recourse

Recourse is always necessary if the supplier causes IMPERIAL to incur additional expenses in the form of travel costs and expenses for auditors, which do not lead to the required result (target achievement) at the supplier. Recourse is based on the daily expenses incurred (number of auditor person-days at the supplier) and travel expenses as a lump sum for domestic and international travel.

**Recourse for additional expenses is provided for in the following cases:**

- ▢ If a process audit must be scheduled due to non-compliance with agreements on the part of the supplier.
- ▢ If a self-assessment by the supplier cannot be confirmed by a self-audit in the process audit.
- ▢ If the A rating is not achieved within the time agreed in the action plan, and an additional process audit is therefore necessary (see 3.9).
- ▢ In the event of significant process changes and also changes in the supply chain or outsourced process steps that necessitate re-sampling or reassessment of quality capability.

## 3. QUALITY GUIDELINES

### 3.1 Quality planning

The usual standards (VDA, APQP, FMEA, PPAP, SPC, MSA, and customer-specific requirements) must be observed for quality planning and implementation. For new developments, the applicable standard is determined within the framework of project management.

In addition, we expect you to have implemented a risk analysis process in your organization and to document its implementation.

The basis for quality planning is formed by VDA volumes 1-4, the requirements of IATF 16949, ISO 9001, and APQP. We expect every supplier to use suitable methods for quality planning, whereby the creation of an FMEA for the delivered products and the specified manufacturing processes is essential. IMPERIAL expressly reserves the right to view this FMEA.

Particularly in the case of process-critical characteristics and functions, IMPERIAL must be used to coordinate test procedures and methods in a timely and detailed manner as part of advance quality planning.

IMPERIAL reserves the right to enter into further agreements with the supplier in the form of contracts or part-specific quality assurance agreements. All measures must be aimed at ensuring timely delivery and error-free production. IMPERIAL requires its suppliers to provide evidence of the planning and implementation of measures to fulfill the "zero-error" strategy.

The results of quality planning must be documented.

### 3.2 Proof of capability

Features that are identified as functionally relevant during product development (main/functional features) and require special safeguards are agreed upon with the supplier on a case-by-case basis. To this end, the supplier must approach IMPERIAL with proposals. The features to be monitored are agreed upon in part-specific quality assurance agreements.

The work sequences and operating resources must be designed in such a way that these characteristics can be manufactured in a process-capable manner. Process capability is proven when the Cpk factor is  $> 1.33$ . The Cpk factor is specified in the initial sample inspection report and is verified in series production by means of statistical process control.

If proof of process capability cannot be provided at the time of initial sampling, we expect proof of preliminary process capability of  $Ppk > 1.67$ , with at least 20 samples of 5 parts each.

The evidence must be provided to IMPERIAL free of charge upon request.



If, during series production, process capability for the specified characteristics can no longer be demonstrated, a 100% outgoing inspection may be accepted for a transitional period in exceptional cases, in consultation with IMPERIAL Quality Management. In such cases, the inspection schedule must be corrected and an action plan agreed upon to restore process capability.

The supplier regularly conducts internal system, process, and product audits in accordance with the guidelines of IATF 16949, DIN EN ISO 9001, or VDA guidelines in all areas of the company that influence the manufacturing process of products delivered to IMPERIAL.

### **3.3 Production process and product approval**

The evaluation of the manufacturing processes and the initial sample inspection form the basis for the production process and product approval.

The planning and implementation of controlled, capable processes is an essential part of quality planning for new products. Only test equipment with sufficiently low measurement uncertainty may be used for all testing activities. Proof of test equipment capability in accordance with MSA or VDA 5 must be provided and submitted to IMPERIAL upon request.

The implementation of quality planning activities is documented in accordance with the specified initial sample approval process. This is based on VDA Document 2 and PPAP. We reserve the right to evaluate the capability of the production process using a Run@Rate.

Deliveries prior to initial sample approval must be clearly marked with the corresponding delivery approvals. If a deviation permit or special approval has been issued, this must also be included with the delivery.

### **3.4 Initial sample approvals**

Initial samples are parts manufactured entirely under series production conditions in accordance with VDA 2 or PPAP, which are inspected by the supplier with regard to all specified characteristics.

Initial samples are ordered by IMPERIAL Central Purchasing with a separate order or as a separate item within a framework order. The type and scope of the initial sampling to be carried out are provided to the supplier on a BAG form. The initial samples are delivered to Quality Management with a label indicating that they are initial samples.

If no initial sample quantity is specified in the order, at least 10 sample parts must be submitted for evaluation; in the case of multiple tools, 10 parts from each cavity must be submitted.

The documentation to be supplied is specified in the order. In any case, this must contain information about the machine to be used in series production (including the machine number).

For all submission stages, the material data must be entered into the IMDS (International Material Database System) for the recording of ingredients.

The measurement report must be created for all dimensions of the product drawing, and for each cavity in the case of multiple tools. The measured values must be assignable to the individual sample specimens. Additional requirements (e.g., part lifecycles, presentation of product-specific measuring equipment and its measuring capability, packaging plans) can be agreed upon as part of advance quality planning when the order is placed. The supplier must observe the special requirements for proof of process capability for functional characteristics.

Initial samples will be rejected if the requirements provided are not met. Reasons for rejection may include:

- Incomplete, incorrect, or missing documents
- Unapproved target/actual deviations
- Missing IMDS data

The costs for resubmitting samples shall be borne by the supplier. Series deliveries may only be made after initial sample approval has been granted.

### **3.5 Series production**

To control and monitor quality during production, inspections must be carried out in all production areas in accordance with the supplier inspection schedule and supplier inspection instructions.

Each production start must be approved by an authorized and qualified employee. If direct approval cannot be obtained, the products must be clearly marked and blocked in all cases.

Process-accompanying tests must be carried out and documented in such a way that trends and deviations can be identified in good time.

The scope of the final inspection depends on the capability of the process, the consistency of the upstream inspections, and the risk associated with the product.

The following must always be documented during testing:

- Scope of testing (number of products and characteristics tested)
- Test results (actual measured values, scrap quantities, types and proportions of errors)
- Test decisions (approvals, special approvals by IMPERIAL, rework, rejects, returns)
- Results of repeat tests during rework
- Deviations from specified process parameters with measures taken
- Results from 100% inspections

### 3.6 Defective parts

#### 3.6.1 Quantitative deviations

The number of items to be delivered according to the delivery schedule or order must be strictly adhered to. Deviations (e.g., to use up residual material) are not permitted without the approval of IMPERIAL.

Rejected parts must not be charged.

#### 3.6.2 Quality deviations

Regardless of the outgoing goods inspections to be carried out by the supplier in accordance with our purchasing conditions, IMPERIAL carries out random checks according to the following criteria:

- ▢ Identification check
- ▢ Visual inspection for directly recognizable transport damage
- ▢ Quantity check

All parts identified by IMPERIAL as defective will be rejected. After a negative test result, you will receive an email notification including a photo of the defect, followed immediately by a detailed test report.

The supplier's response is provided using the 8-D report within the specified time frame:

- ▢ Immediate measures must be communicated and effectively implemented within 24 hours of receipt of the complaint report.
- ▢ Within 5 working days of receiving the complaint report, corrective measures or short-term remedial measures must be communicated and initiated.
- ▢ Proof of the effectiveness of the short-term remedial measures must be provided within 10 working days.
- ▢ Long-term corrective measures/preventive measures must be communicated and initiated within 10 working days. Proof of these measures is based on the binding action plan.

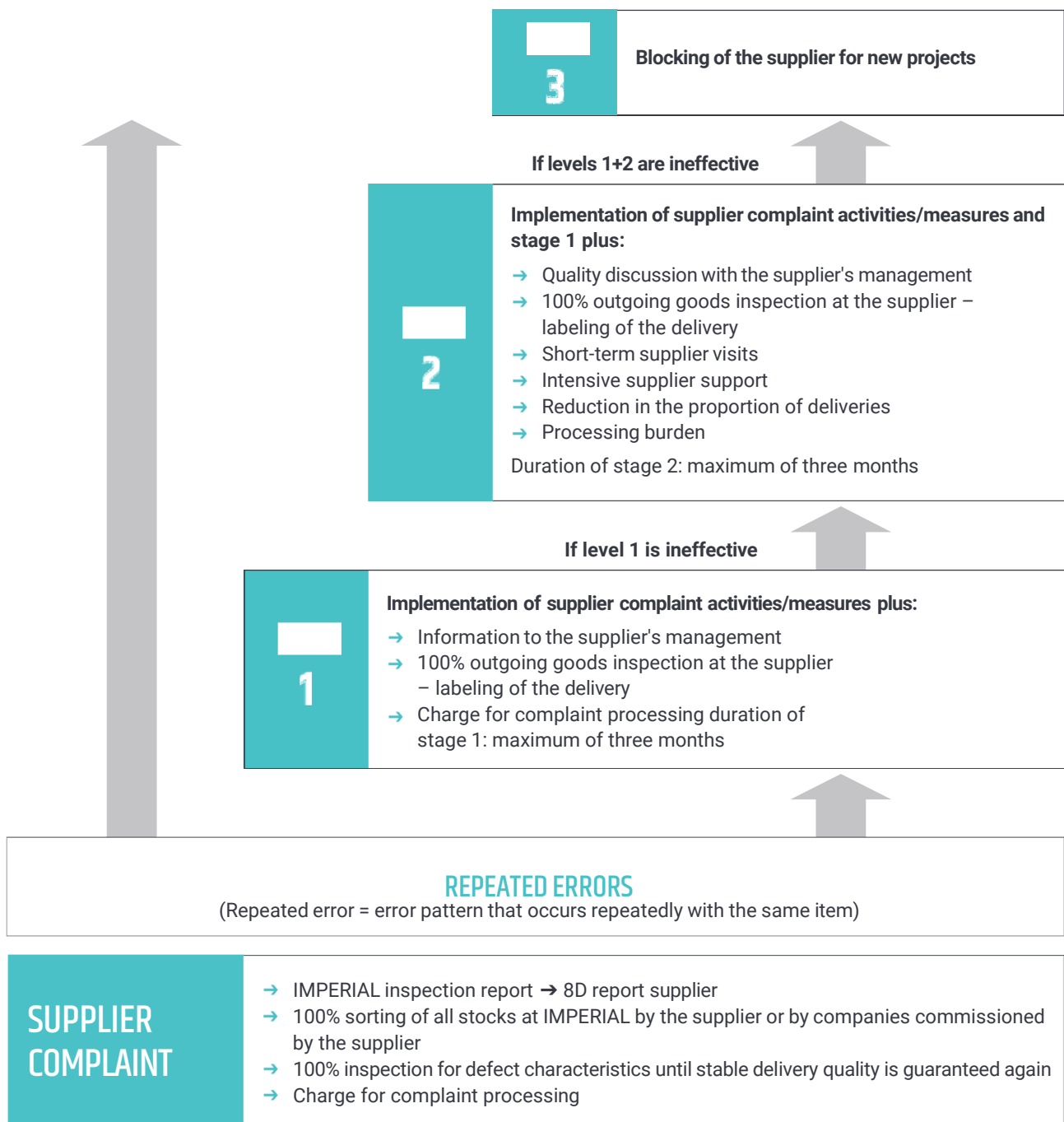
Complaints that have not been answered in writing by the supplier within 3 working days will automatically be classified as accepted by IMPERIAL.

In order to avoid production downtime at IMPERIAL, the delivery of fault-free parts has the highest priority. For this reason, appropriate measures must be taken within the shortest possible time to rectify defects or deliver replacements, e.g. to avoid impending production downtime. To this end, IMPERIAL may have the rectification/sorting work carried out by a third party in consultation with the supplier. The costs arising from this complaint, including costs arising from this complaint shall be borne by the supplier:

- ▢ Sorting costs
- ▢ Rework
- ▢ Production disruptions at IMPERIAL
- ▢ Production disruptions at the customer's site
- ▢ Special deliveries of finished parts to customers
- ▢ Special deliveries of OK parts to IMPERIAL
- ▢ Special deliveries to service providers (for further processing of items, e.g., coatings) so that customer deadlines can be met
- ▢ Complaint-related process approvals
- ▢ Other services related to the complaint (e.g., material analyses)
- ▢ Test report costs

### 3.6.3 Escalation plan

In the event of frequent complaints and repeated errors, we assume, until proven otherwise by the supplier, that processes are not under control, inspections are inadequate, and employees are not sufficiently qualified for this task. The resulting expenses and costs are avoidable and must be remedied as quickly as possible. The escalation plan outlined below consists of three escalation levels and shows you the necessary activities, reactions, and consequences in the event of delivery of non-agreed quality:



### **3.7 Procurement from subcontractors**

If the supplier can only fulfill its delivery obligation by purchasing products or product processing from subcontractors, IMPERIAL must be informed in writing before the measures are implemented. Only after written approval by IMPERIAL is the supplier permitted to implement its desired measures.

The basis for this approval is that the supplier has informed its subcontractors of the contents of the customer requirements and ensures that the requirements are known, understood, and implemented. The supplier is also responsible for subcontractors specified by IMPERIAL and their products or services.

A system in accordance with IATF 16949 or ISO 9001 with and without VDA 6.1 for the selection, evaluation, and approval of subcontractors is required for the procurement of products from subcontractors. The subcontractor should maintain at least a certified QM system in accordance with ISO 9001.

If there is no valid certification or audit in accordance with IATF 16949, ISO 9001 with and without VDA 6.1 of the subcontractor or a current quality problem (notification of defects), an audit of the subcontractor by IMPERIAL, or also together with an IMPERIAL customer, is possible at any time after appropriate notification.

### **3.8 "A" parts**

"A" parts (formerly "D" parts) are products for which special verification requirements apply. These products and the relevant characteristics are marked accordingly in the documentation/drawings. VDA Publication 1 (Verification) applies to these products.

IMPERIAL requires a retention period of at least 20 years for all verifications and quality-related documents for "A" parts. A retention period of at least 10 years applies to all other quality-related documents.

### **3.9 Quality performance assessment / supplier assessment**

IMPERIAL carries out goods inspections. The scope and severity of the inspection depend on the quality assessment of the respective product. In any case, a quantity and identity check is carried out, as well as an assessment of the integrity of the packaging. Deliveries or partial quantities that cannot be accepted by IMPERIAL due to defects are included in a ppm assessment.

Furthermore, logistics performance (deadlines, quantities, etc.) is evaluated. The results of these checks are incorporated into a supplier evaluation, which is carried out on an annual basis. Other evaluation criteria include environmental management, energy management, and the competitiveness of the supplier.

The performance of the above evaluation criteria is weighted differently and leads to an overall result that classifies the supplier as an A, B, or C supplier. The supplier evaluation is based on the following structure:

Performance group	Criteria	Coverage area	Percentage weighting
Q-Performance	ppm figures	Quality assurance	50
Logistics	Adherence to deadlines and quantities	Materials management	35
Competition	Quality of offers	Central purchasing	5
Environment	Existing environmental certificate	Environmental management	5
Energy	Current energy certificate	Energy management	5

Suppliers who receive an overall rating of > 91% are classified as A suppliers. Suppliers with a score of > 81% are classified as B suppliers, while those below this score are classified as C suppliers.

The result of the supplier evaluation will be communicated to the supplier in writing, and the supplier will receive the actual ppm figure achieved with the letter. We expect suppliers with a B or C rating to submit an action plan within 14 days, including a meaningful root cause analysis (e.g., using 5 Whys or Ishikawa), showing how they will improve their status to A. The implementation of the improvement measures and their long-term effectiveness must be verified by a self-audit conducted by the supplier and made available upon request.

All suppliers who have been assigned a C rating are audited by us. The type and scope of the audit are determined by IMPERIAL Central Purchasing and IMPERIAL QA, and the date is agreed individually with the supplier.

In the meantime, the supplier must define special measures to ensure product quality (e.g., temporary 100% inspections) and coordinate these with IMPERIAL's quality assurance department. In the event of persistent quality defects, IMPERIAL may arrange for third parties to carry out 100% inspections of the delivered products.

The supplier undertakes to bear the costs incurred by IMPERIAL in connection with problem resolution, such as measurement, sorting, reworking, special shifts, special transport, travel expenses, or special costs such as complaint visits, process audits, or repeated product or process acceptance at the supplier's premises. In the event of persistent quality or logistics problems that cannot be permanently resolved through joint measures, we expressly reserve the right to review the entire business relationship. Reasons for this may include, among others:

- Significant deterioration in the quality of the parts
- Significant exceeding of targets
- Inadequate implementation of system requirements
- Insufficient response times
- Non-compliance with IMPERIAL specifications

### 3.10 Audit

#### Reasons for supplier audits include:

- The selection of new suppliers
- Monitoring of ongoing series production
- Quality problems in the series
- Requirements of our customers

The supplier undertakes to implement the quality improvement measures specified in the audit report on schedule and to communicate any updates.

### 3.11 Requalification tests

The requalification testing of products is a requirement of IATF 16949, which must be carried out by all suppliers and their subcontractors in accordance with the current customer-specific requirements of **Imperial Auto Germany GmbH** customers.

All parts supplied to **Imperial Auto Germany GmbH** must undergo regular and planned requalification in accordance with IATF 16949 Chapter 8.6.2. The manufacturing processes must undergo periodic and planned requalification.

All products to be delivered must generally undergo a complete dimensional and functional test on an annual basis in accordance with the production control plans of the supplier and sub-suppliers, taking into account the applicable customer specifications for material and function.

Confirmation of these requalification tests is provided by submitting the cover sheet of the VDA initial sample report or Initial Sample Warrant (PPAP). IMPERIAL does not provide any confirmation.

The decisive factor for requalification tests is the date of initial sample approval; i.e., IMPERIAL must be provided with the relevant documentation without request no later than 12 months after the last initial sample approval.

If the requalification documents are not submitted, IMPERIAL will send a reminder and charge a fee.





**APPENDIX 1: SUPPLIER SELF-DECLARATION**  
**(Pages 25 and 28 are mandatory fields)**

Company

VAT ID number:

Street:

Tax number / Commercial register:

Postal code/city:

Main telephone number:

Country:

Head office fax:

Homepage:

Management:

Direct dial:

Email:

Sales management:

Direct dial:

Email:

Purchasing Manager:

Extension:

Email:

QM Management:

Direct dial:

Email:

Design:

Extension:

Email:

Production:

Extension:

Email:

Planning:

Extension:

Email:

Product Safety and Conformity Representative

Extension:

Email:

UIAG Environmental Management Officer

Extension:

Email:

Sustainability Officer

Extension:

Email



## General company information

How long has your company been on the market?  
/ Current legal form?

---

Total number of employees / of  
which in administration /  
commercial

---

Organizational structure (please attach an organizational chart)

---

Where are you located (differentiated by development,  
manufacturing, and sales)?

---

Total sales in millions of euros for the last three fiscal years (plus  
planned for this year)

---

Percentage share of total sales accounted for by  
products to be supplied to IMPERIAL

---

Net income in millions of euros for the last three fiscal years (plus  
planned for this year)

---

Investment volume in millions of euros for the last three fiscal years  
(plus planned for this year)

---

Total market volume in percent

---

Main customers (each with % share of sales)

---

Which competitors of IMPERIAL are supplied?

---

Main suppliers (each with % share of sales)

---



## APPENDIX 2: SUPPLIER SELF-DECLARATION

Product range, listed separately as manufactured products / commercial products

---

What manufacturing processes have you installed?

---

Has product liability insurance been taken out?

---

Have you taken out motor vehicle recall insurance? If so, for what amount?

### Capacities and processes

How will the quantities/capacities planned for the current year be achieved and secured? Which shift model is used?

---

What is the critical process element in terms of capacity (e.g., equipment/tools, manpower, upstream suppliers)?

---

What evidence of process capability is available?

---

What tests are carried out during series production?

---

How is the maintenance of the equipment/tools ensured?

---

What measures do you take if capacity bottlenecks occur? Please describe the measures in the short, medium, and long term.

---

How is the supply of parts ensured if problems arise in the manufacturing process?

---

How is the logistical delivery quality (adherence to deadlines and quantities) ensured?

---



## Subcontractors

How long are the lead times for the raw materials required for our products?

What measures do you take to ensure that your subcontractors have the necessary capacity?

## Quality, environment, and energy

What certificates do you have in the areas of quality, environment, and energy? How long are they valid for? (Please enclose copies of the certificates.)

If no environmental or energy certificates exist, what measures do you take to demonstrate your commitment to protecting the environment/increasing energy efficiency?

Processed by:

Position:

Date:

## Any questions?

If you have any questions, please contact Mr. Müller (+49-2171-505272, [t.mueller@impauto.eu](mailto:t.mueller@impauto.eu)), Ms. Anders (+49-2171-505825, [a.anders@impauto.eu](mailto:a.anders@impauto.eu)), or Mr. Asnouhi (+49-2171-505278, [r.asnouhi@impauto.eu](mailto:r.asnouhi@impauto.eu)).