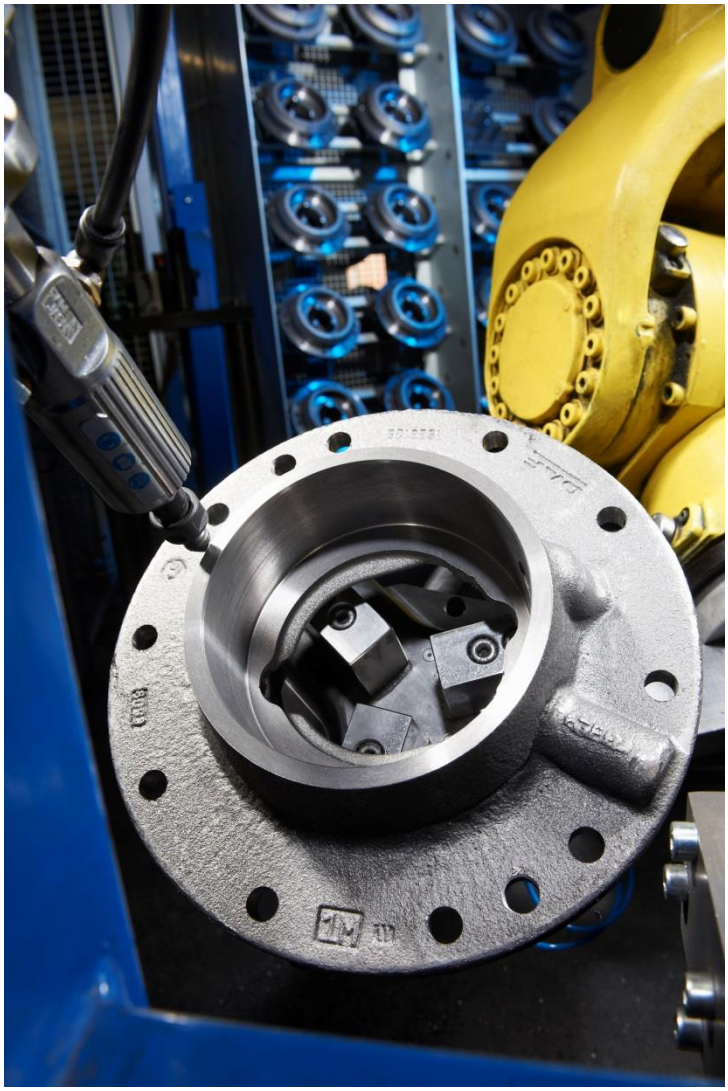
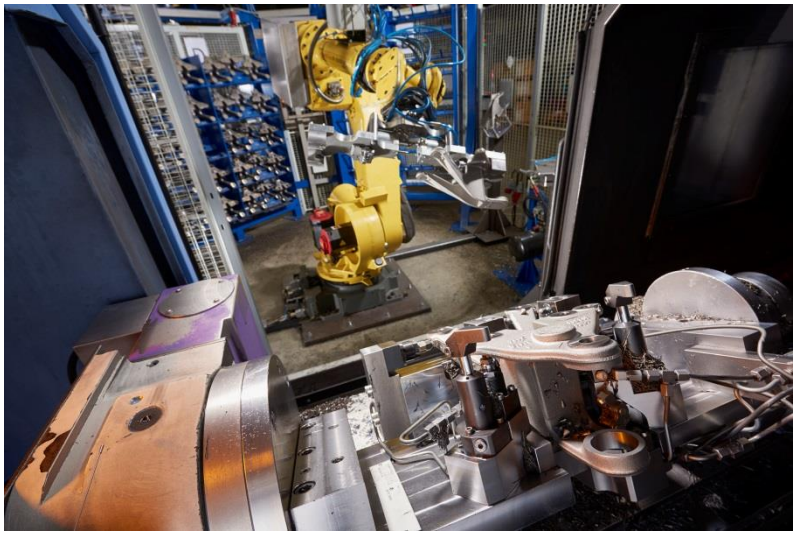
VDL TIM Hapert bv

Supplier Requirements Booklet





VDL TIM Hapert bv

Introduction.

VDL TIM Hapert BV (VDL TIM) is operating in highly demanding markets and we need our supplier's customer- focus and orientated approach to meet the market requirements.
VDL TIM recognizes the very important role our suppliers have in the value we offer our customers.

Purpose.

The purpose of this document is to communicate to our suppliers about our core requirements to ensure the quality of communication, services and supplied parts. Some of the areas covered are the mandatory requirements of IATF TS 16949 and ISO 14001 and based on the global automotive industry requirements.

Scope.

This manual applies to all suppliers providing VDL TIM with material, products, processing and related services, including intra-company suppliers and when applicable to supplier's sub-tier sources.

Included are expectations and procedures concerning; management, environment, logistics, corporate social responsibility, agreements on quality issues and supplier- targets and performances.

The intention of this document is to achieve a better understanding of our requirements and supplier role in the shared responsibility to deliver the highest quality.

With your commitment it is possible to build a long lasting and mutual relationship.

VDL TIM Hapert bv

Revision changes.

Revision number:	Date:	Change:	Page:
D0710-00	18-12-2018	First release	-
D0710-01	20-02-2020	QMS Requirements	5 of 9

Table of contents:

1. Management systems expectations:

1.1 General:

To ensure proper completion of processes, the management systems of our suppliers must meet the general requirements.
Following subjects are taken into account:

Subject	Requirement
Quality management system	Certification to ISO 9001 through third-party audit as minimum requirement.(unless other specified by the customer.) Ideally, certified to IATF 16949, through third party audits. There is a possibility of not meeting these requirements, which implies, however, the development and implementation of a QMS development program.
Environmental management system	ISO 14001 Either an audit performed by VDL TIM Hapert preceded by a self-assessment
Confidentiality	N D Agreement
Rejection rate monitoring	PPM- agreement
New parts and sample procedure	APQP and PPAP acc. AIAG / VDA
Process Audit, applicable for specific production processes e.g. forging , foundry.	Audit performed by VDL TIM Hapert preceded by a self-assessment
Ethics, CSR.	Confirmation by Code of Conduct
Logistic & Material Management Evaluation	Self-assessment
EDI	100 % electronic communication

1.2 Communication.

Unless otherwise agreed, English language must be used for all forms of communication, including corporate and day-to-day operations.

The template : “Communication information” must be properly filled out and returned to VDL TIM. Supplier is required to notify if there is a deviation from the organization.

2. Confidentiality agreement.

Documents handed by VDL TIM Hapert may consist confidential information (or from our customers) and it must be handled with care. That is to say we need supplier’s confidentiality and integrity within supplier’s organization. In this context, confidentiality is a set of rules that limits access to information, integrity is the assurance that the information is trustworthy and accurate treated.
This agreement will be sent to the supplier and must be dully signed before we can start a RFQ.

3. Request for Quotation guideline

Requirements with regards to Request for Quotations are additional to the VDL TIM General Purchase Conditions. The supplier must take the several conditions into account.

a. Quotation in breakdown format, according the VDL TIM template

b. Sample procedure

c. Currency Euro

d. Price validity

e. Inco terms

f. Terms of payment

Specific requirements for castings, forgings or surface treatment on request available.

4. Result expectations:

4.1 Performances

Measurements	Background	Target
Overall performance	rating 0 - 100 points	> 60 points

This rating is composed by following measurements

PPM	PPM agreement	depended on field of activity
Delivery performance	Parts delivered on time in the required quantity.	Minimum 98%
Volume Value	Rating turnover / value of rejected parts	< 0,01
Number of rejected parts		zero
Number of rejection reports		zero

VDL TIM or its customer, will be entitled carry out a quality inspection at the SUPPLIER's facilities, possibly by a third party to be appointed.

4.2 PPM agreement.

Your quality performance is partly related to the rejection rates. To set targets and come to a useful follow-up the PPM agreement is part of our partnership.

We strive to minimize non-conformities (ZERO defects) and risks of an incident occurring and if it does, to minimize the consequences.

5. Production related requirements

5.1 Advanced Product Quality Planning. APQP
Suppliers are expected to develop and use a detailed APQP plan for the installation and prove-out of a robust production process. The processes must be according the AIAG standard, or VDA.

5.2 Process capability
For specific production processes VDL TIM can perform a Production Process Audit, applicable for e.g. forging, foundry.
It is a good way to define the standard of a potential and / or existing supplier and is part of the Sourcing Process.
It is a proven way to learn and to know each other better and gives objective insight into the status of the supplier.

5.3 Process and / or Product change.
Parts in serial production shall be conforming to what has been approved during sampling.
If any change in production and / or production facility occurs supplier shall inform, in advance, using the PPCR form. (PPCR Process Product Change Request)

5.4 Product Conformity
Supply of faultless parts must be secured and is considered as a precondition.
On demand of VDL TIM, Supplier must be able to proof status of the deliveries by quality reports.

5.5 Nonconforming parts or process. NCP
NCP shall be identified asap. Supplier shall inform promptly about the kind of nonconformity and number of parts involved. Supplier shall use the *"Deviation Approval"* form to inform, without delay and ask for concession for delivery whenever the product or manufacturing process is different from which is currently approved.

5.6 First In First Out. FIFO
The supplier shall perform the FIFO inventory management practices. This means that all material should be used and manufactured in the order it was received and delivered in the order it was produced and labelled accordingly.

6. Corporate Social Responsibility.

In the context of our social responsibility and referring to the United Nation Global Compact (htpp://www.unglobalcompact.org) VDL TIM Hapert bv is committed to conduct its business on the basis of ethical principles and also requests its suppliers to comply with these.

7. Reach , RoHS.

7.1
REACH is a regulation, adopted to improve the protection of human health and the environment from the risks that can be posed by chemicals, while enhancing the competitiveness of the EU chemicals industry. REACH stands for Registration, Evaluation, Authorisation and Restriction of CHemicals. This regulation went into effect on 1 June 2007.

To comply with the Reach regulation of the European Union, companies must identify and manage risks linked to the substances they manufacture and market. For substances listed on the Candidate list which are manufactured or imported in quantities of 1 tonne or more per year per company, manufacturers and importers need to demonstrate that they have appropriately identified and managed the associated risks by means of a registration dossier, which must be submitted to the European Chemicals Agency (ECHA).

7.2
Companies established outside the EU are not bound by the obligations of REACH even if they export products into the European Union. The responsibility for fulfilling the requirements of REACH, such as pre-registration or registration lies with the importers established in the European Union, or with the "Only Representative" (OR) of a non-EU manufacturer established in the European Union.

8. Safety and environmental management

8.1 Quality, Safety and Environmental care are VDL TIM corporate values.

Safety relates not only to suppliers production process, but also covers company- and supply chain management.
The occupational safety management must preferably be in compliance with OHSAS(ISO)18001 Occupational Health and Safety Standard.

On safety and environmental related issues VDL TIM can carry out an audit.

8.2 Risk assessment process
VDL TIM requires its suppliers to have a risk assessment process in place to identify areas within the supply chain process that could affect the ability to meet the organization's requirements in the event of a deviation from the normal business process.

8.3 Contingency plans
VDL TIM requires its suppliers to develop contingency plans that would be implemented in the event of a deviation or disruption from the normal business process. This could include EDI, transportation, packaging, equipment failure, cyber attack, etc.

9. International Material Data System (IMDS)

Substance Declaration in IMDS Portal is a requirement for PPAP approval. IMDS (International Material Data System) is used to meet the obligations placed on automobile manufacturers, and thus on their suppliers, by national and international standards, laws and regulations.