

1. Purpose / Proposito:

To provide suppliers with information for doing business with Vernet.

2. Definitions / Definiciones:

APQP – Advanced Product Quality Planning

BOM – Bill Of Materials

Component Certification – A process whereby the supplier certifies material certification, and in some cases with measurement data, that components are within specification. Requirements for component certification will be identified by the Vernet receiving plant.

Contingency Plan – is a collection of guidelines and procedures that proactively outline disaster mitigation and response before, during and after the occurrence of an adverse incident, facilitating the continuity of critical functions. An adverse incident is an internal or external event or situation which may result in unacceptable interruption to the organization's operational status and/or its ability to provide customer service. The objective of the contingency plan is to help establish & maintain a basic level of operations following a disruptive event until normal operations can be fully restored.

CSRs – Customer Specific Requirements

Direct Material – Components and assemblies used in Vernet production and service processes that become part of the sellable product. They are typically included as a Bill of Material item.

DFMEA – Design Failure Mode Effect Analysis

ECR – Engineering Change Request – is the system through which Vernet typically controls changes to existing product. An ECR is the Vernet document that details the specifics of and approvals for the individual changes.

EP – Engineering Project

FAIR – First Article Inspection Report

FIFO – First In First Out

IMDS – International Material Data System - A global standard for collecting, maintaining, analyzing, and archiving materials used for automotive manufacturing.

KPI – Key Performance Indicator

LPA – Layered Process Audit (refer to AIAG CQI-8 for specific details)

MRO – Maintenance, Repair, & Operations

MSA – Measurement Systems Analysis

NCMR – Non Conforming Material Report

OEM – Original Equipment Manufacturer

OEM Defect – Supplier caused defect that reaches a Vernet OEM Customer

OTD – On Time Delivery

PCN – Product Change Notification

PDR – Prototype Data Report

PFMEA – Process Failure Mode Effect Analysis

PPAP – Production Part Analysis Process

PPM – Parts Per Million - The number of parts with supplier-caused defects found within a Vernet US facility versus the number of parts received from that supplier by the Vernet US facility, reported as **parts per million** on a monthly basis.

NOTE: For suppliers with multiple producing locations, each producing location will be considered separately.

Production Capability Certification (PPC Run) – Test of capacity and quality run by the supplier with Vernet personnel present. Similar to “Run at Rate.”

PSW – Part Submission Warrant

REACH – Registration, Evaluation, Authorization and restriction of Chemicals – is a European Union regulation addressing the production and use of chemical substances, and their potential impacts on both human health and the environment.

RoHS – Restriction of Hazard Substances – A European Union directive that restricts the use of certain hazardous substances in electrical and electronic equipment to protect the environment and public health.

SCAR – Supplier Corrective Action Request

SCR – Supplier Change Request – the process suppliers are required to use to request approval of a change to a product or process. This process may also be referred to as Product Change Notification (PCN) in some business units.

SIP – Supplier Improvement Process

SOP – Start Of Production

SPC – Statistical Process Control

SR – Source Release – the process for ensuring the quality of non-PPAP approved components. Requirements include, but are not limited to: Record of Conformance, 3-piece full dimensional layout, SPC or 100% inspection of special characteristics, material/performance test results, and Prototype Dat Report (PDR) requirements when requested. This is a batch approval process that must be completed prior to each shipment.

Supplier Scorecard – A Vernet US purchasing system that rates the supplier in the categories of Price/Cost, Quality, Delivery, & Technology.

SQE – Supplier Quality Engineer

3. Responsibilities / Responsabilidad:

- 3.1 The Vernet Purchasing and Quality Departments to keep the document updated.
- 3.2 The Vernet Purchasing Department to make sure the manual is distributed to all Vernet suppliers.
- 3.3 The Vernet Purchasing Department to collect the signature page of the manual to store for future reference as needed.

4. Instructions / Instrucciones:

Information throughout this manual will include Automotive and Aerospace requirements.

Items specific to automotive requirements will be in “pink” font.

Items specific to aerospace requirements will be in “purple” font.

All items in “black” font are in accordance with Vernet or ISO 9001 requirements and pertain to all suppliers.

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A. Vernet US Quality Policy

Please see [\(Appendix 1\)](#).

B. Objective

Finished and direct purchased material make up the majority cost of Vernet finished product. Therefore, it is essential to have clearly documented requirements and interaction processes between Vernet and its direct material suppliers.

This document applies to VERNET's suppliers and subcontractors and communicates Vernet Customer Specific Requirements and expectations.

This document is additional to our Purchasing Terms & Conditions ([Appendix 2](#)) and constitutes a complete partnership in terms or rights and obligations between both parties.

Any deviation from these requirements must be formally approved by Vernet in writing.

C. Scope

Suppliers who are IATF 16949 certified shall refer to this manual as a supplement to their IATF 16949 certification for Vernet.

Suppliers who are ISO 9001 certified shall refer to this manual as a supplement to their ISO 9001 certification for Vernet.

Suppliers who are ISO 14001 certified shall refer to this manual as a supplement to their ISO 14001 certification for Vernet.

Suppliers who are AS9100 certified shall refer to this manual as a supplement to their AS9100 certification for Vernet.

This manual defines certain Customer-Specific Requirements for Vernet.

This manual is applicable to only the Vernet US facility.

The English language version of this document shall be the official version for purposes of third-party registration.

Sanctioned translations of this document shall:

- Be for reference only.
- Reference the English version as the official language.
- Include Vernet US in the copyright statement.

This Manual is a controlled document. It is the responsibility of Vernet Purchasing to distribute the latest revision to each supplier.

The supplier shall comply with any Customer Specific Requirements (CSRs) applied to Vernet by its customers.

It is impossible to cover every conceivable situation with a blanket statement or definition. If a situation occurs that is not covered by the Vernet Supplier Manual, the Vernet Supplier Quality Engineer is the main point of contact for getting questions answered and situations resolved. The Vernet Supplier Quality Engineer has the authority to request data above & beyond the stated requirements in the Vernet Supplier Manual if it is deemed pertinent to protect the interests of Vernet.

The supplier shall use the AIAG reference manuals for APQP, SPC, PPAP, FMEA and MSA processes.

The supplier shall appoint a 'quality contact', which will be the prime path for communication of these manual requirements to the supplier's organization.

D. Vernet US Supplier Code of Conduct

Vernet values its global supply partners who share the Company's commitment to quality, value and who operate under a philosophy that focuses on integrity and "doing the right thing."

To support that philosophy, Vernet has a Code of Conduct for our employees and a Supplier Code of Conduct specifically for its supply base worldwide. ([Appendix 3](#)) The Supplier Code outlines the Company's expectation that all suppliers will comply with certain business and ethical standards and to the laws of their respective countries, all other applicable national and international laws, rules, and regulations. The code applies to all businesses that produce goods or provide services for Vernet and any subsidiaries, joint ventures, divisions, or affiliates.

Compliance with the principles of the Vernet Supplier Code of Conduct is required to do business with Vernet.

E. Supplier Terms of Service

By accepting Purchase Orders, the supplier agrees to all terms and conditions listed here.

- (1) The language used in the documentation (ex. PPAP) shared with Vernet must be in English.
- (2) All applicable certificates to be sent with each shipment.
- (3) Supplier shall use customer-designated or approved external suppliers, including special processes when required.
- (4) Supplier acknowledges Vernet's right of access to its facilities, product, and/or related quality records at any time, by Vernet, its customer, or regulatory authorities to verify quality of products or work. Right of access may be limited to only those records and product applicable to Vernet's products or contracts.
- (5) Supplier shall prevent the use of counterfeit parts.
- (6) All purchasing requirements shall be flowed down to sub-tier suppliers or subcontractors.
- (7) Supplier must operate a "Zero Defect" strategy when designing products and processes. A preventative approach must make it possible to ensure the process is robust and stable to ensure, before full-scale production starts, that each product meets Vernet's Quality requirements.
 - a. During sample inspection it is mandatory to have "**Zero Defect**" as the level of acceptance.
- (8) Supplier to notify Vernet immediately of unexpected anomalies, nonconformances, changes in product and/or process, changes of suppliers, and/or changes of manufacturing facility location, including post shipment findings. Vernet shall approve such changes or incidents before work can proceed. This shall apply throughout the duration of the contract or order.
- (9) All required technical specifications will be sent to the supplier by the Vernet buyer. The supplier must examine the specifications and advise Vernet if there are any issues or concerns to the Vernet buyer. The

supplier must take appropriate steps to ensure that they or their suppliers are manufacturing the product according to the most current revision.

- (10) All applicable design data is defined by Vernet.
- a. The supplier must inform Vernet in writing if:
- i. The technical data in their possession does not comply with the revision indicated in the contract or order,
 - ii. More technical data is needed,
 - iii. There is any doubt as to the requirements applicable to the contract or order. The supplier must not apply their own interpretations and/or assumptions.
- b. All requests for documentation must be addressed to the Vernet buyer.
- (11) Supplier acknowledges it shall apply suitable corrective action when presented with Vernet complaints or nonconformance reports.
- (12) The supplier must have an emergency plan (security of supply) to protect Vernet's supply in case of: strikes, workforce shortages, equipment breakdown, warranty returns, etc.; natural catastrophes excepted.
- (13) Records pertaining to the manufacture, inspection, and test of Vernet's products shall be retained for a minimum of fifteen (15) years.
- (14) In certain cases, if Vernet specifies a mandatory supplier or raw material to be used to make the product. This does not release the supplier of the product from his liability in terms of required product quality.
- (15) Supplier shall ensure that persons are aware of their contribution to product or service conformity, their contribution to product safety and the importance of ethical behavior.

F. Quality / Environmental System Requirements

A quality system is an integral part of a successful quality program. It is not, however, a guarantee of quality products and processes. A quality system establishes disciplines. Only when the disciplines are in place and effectively executed will the benefits be noticed. Functioning quality systems lead to sustained improvements within an organization.

1. Supplier Classification

Vernet classifies its suppliers into 3 categories:

- **Category A**: suppliers that deliver inventoried products in accordance with the following criteria:
 - For the “Automotive Original Equipment” business,
 - High annual purchase amount,
 - Large production quantities,
 - Subcontractor for special services and outside processes.

- **Category B**: suppliers that deliver inventoried products in accordance with the following criteria:
 - Subcontractor for sorting,
 - Mid to low annual purchase amount,
 - Medium or short run.

- **Category C**: suppliers that deliver inventoried products in accordance with the following criteria:
 - Packaging,
 - Consumable not included in the product parts list (MRO),
 - Providers of goods, equipment, or services.

2. Third Party Registration

All organizations providing production parts to Vernet, shall be third-party registered to ISO 9001 through a recognized Certification Body. Certification requirements providing parts or materials to various Vernet US, divisions may vary.

The supplier must maintain a Quality/Environment Management System certified by an external certification body. It is not Vernet's role to audit the supplier's Quality/Environment system in place of an external body.

The certification level expected as a function of the supplier category is described below:

3. QMS Certification Requirements

Supplier Category	Quality Certifications	Environment Certifications
A	ISO 9001 (2015) Mandatory IATF 16949 (2016) Desirable AS9100 D Desirable	ISO 14001 (2015) Recommended
B	ISO 9001 (2015) Mandatory	ISO 14001 (2015) Desirable
C	ISO 9001 (2015) Desirable	ISO 14001 (2015) Desirable

NOTE 1: Aerospace Suppliers may be required to be certified to AS9100.

NOTE 2: NADCAP certification may be required for certain outside special processes for Aerospace suppliers.

NOTE 3: All suppliers of automotive product shall progress toward IATF 16949 certification.

NOTE 5: Given that Vernet serves many different markets, Vernet may use suppliers in non-automotive applications who are not registered to ISO 9001. All suppliers must have systems in place to ensure they meet Vernet, Quality, Cost, and Delivery needs as outlined in this manual.

4. Registration Verification

Organizations shall submit proof of registration by sending a digital copy (PDF, JPG, etc.) of their current registration certification to their Supplier Quality Engineer/ Purchasing contact. The email should identify a contact for certification issues at this site, providing contact information for the contact.

5. Notification of ISO 9001, IATF 16949, ISO 14001, and/or AS9100 Registration Status Change

Organizations shall notify Vernet of any change in the ISO 9001, IATF 16949, ISO 14001 and/or AS9100 registration status via email to their Supplier Quality Engineer contact. Such changes include, but are not limited to:

- Initial certification
- Recertification
- Transfer to certification to a new Certification Body
- Certificate withdrawal
- Certificate cancellation without replacement

G. Quality Management System and its Processes (4.4) Conformance of Products and Processes

Suppliers shall ensure conformance of all products and processes, including service parts and those that are outsourced, to all applicable Vernet statutory, and regulatory requirements, including conformance to material requirements.

H. Actions to address risks and opportunities (6.1)

Supplier shall include in its risk analysis, at a minimum, lessons learned from product recalls, product audits, field returns and repairs, complaints, scrap, rework, and cyber-attack threats to information technology systems.

The supplier shall retain documented information as evidence of the results of risk analysis.

1. Preventive Action (6.1.2.2)

Suppliers shall determine and implement action(s) to eliminate the causes of potential nonconformities in order to prevent their occurrence. Preventive actions shall be appropriate to the severity of the potential issues.

The supplier shall establish a process to lessen the impact of negative effects of risk including the following:

- a) Determining potential nonconformities and their causes;
- b) Evaluating the need for action to prevent occurrence of nonconformities;
- c) Determining and implementing action needed;
- d) Documented information of action taken;
- e) Reviewing the effectiveness of the preventive action taken;
- f) Utilizing lessons learned to prevent recurrence in similar processes.

2. Contingency Plans (6.1.2.3)

When requested, Suppliers are required to submit a Contingency Plan:

- a) Suppliers need to identify and evaluate internal and external risks to maintain production outputs and Vernet requirements.
- b) Include, as a supplement to the contingency plans, a notification process to Vernet for the extent and duration of any situation impacting Vernet operations:
- c) The Contingency Plan must be an “active” document that is reviewed and update at a regular frequency (at a minimum annually) and tested for effectiveness. Testing needs to be appropriate to the risk of the Vernet disruption;
- d) The Contingency Plans shall include provisions to validate that the manufactured product continues to meet Vernet specifications after the re-start of production following an emergency in which production was stopped and if the regular shutdown processes were not followed;
- e) The Supplier shall be required to submit the latest version of the Contingency Plan to Vernet upon request.

I. Planning of Changes (6.3)

Suppliers shall notify Vernet of any changes within their management structure within two weeks of changes taking effect. This includes changes in ownership as well as any changes to contacts related to doing business with Vernet.

J. Monitoring and Measuring Resources (7.1.5)

Suppliers shall determine and provide the resources needed to ensure valid and reliable results when monitoring or measuring is used to verify the conformity of product sold to Vernet. Current Calibration records are required for all gages/measurement equipment used to inspect Vernet product and must be available upon request.

Calibration or verification of monitoring and measuring equipment shall be carried out under suitable environmental conditions.

1. Measurement Systems Analysis (7.1.5.1.1)

Statistical studies shall be conducted to analyze the variation present in the results of each type of inspection, measurement, and test equipment system identified in the control plan. The analytical methods and acceptance criteria used shall conform to those in reference manuals on measurement systems analysis. Prioritization of MSA studies should focus on critical or special product or process characteristics.

2. Calibration/Verification Records (7.1.5.2.1)

The Supplier shall have a documented process for managing calibration/verification records. Records of the calibration/verification activity for all gauges and measuring and test equipment (including employee-owned equipment relevant for measuring, Vernet owned equipment, or on-site supplier-owned equipment) needed to provide evidence of conformity to internal requirements, legislative and regulatory requirements, and Vernet defined requirements shall be retained.

The Supplier shall ensure that calibration/verification activities and records shall include the following details:

- a) Revisions following engineering changes that impact measurement systems;
- b) Any out-of-specification readings as received for calibration/verification;
- c) An assessment of the risk of the intended use of the product caused by the out-of-specification condition;
- d) When a piece of inspection measurement and test equipment is found to be out of calibration or defective during its planned verification or calibration or during its use, documented information on the validity of previous measurement results obtained with this piece of inspection measurement and test equipment shall be retained, including the associated standard's last calibration date and the next due date on the calibration report;
- e) Notification to Vernet US if suspect product or material has been shipped;
- f) Statements of conformity to specification after calibration/verification;
- g) Verification that the software version used for product and process control is as specified;
- h) Records of the calibration and maintenance activities for all gauging (including employee-owned equipment, Vernet owned equipment, or on-site supplier-owned equipment);

- i) Production-related software verification used for product and process control (including software installed on employee-owned equipment, Vernet owned equipment, or on-site supplier-owned equipment).

3. Internal Laboratory (7.1.5.3.1)

The Supplier's internal laboratory facility shall have a defined scope that includes its capability to perform the required inspection, test, or calibration services. This laboratory scope shall be included in the quality management system documentation. The laboratory shall specify and implement, as a minimum, requirements for:

- a) Adequacy of the laboratory technical procedures;
- b) Competency of the laboratory personnel;
- c) Testing of the product;
- d) Capability to perform these services correctly, traceable to the relevant process standard (such as ASTM, EN, etc.); when no national or international standard(s) is available, the Supplier shall define and implement a methodology to verify measurement system capability;
- e) Vernet US requirements, if any;
- f) Review of the related records;

NOTE: Third-party accreditation to ISO/IEC 17025 (or equivalent) may be used to demonstrate the Supplier's in-house laboratory conformity to this requirement.

4. External Laboratory (7.1.5.3.2)

External/commercial/independent laboratory facilities used for inspection, test, or calibration services by the Supplier shall have a defined laboratory scope that includes the capability to perform the required inspection, test, or calibration, and either:

- The laboratory shall be accredited to ISO/IEC 17025 or national equivalent and include the relevant inspection, test, or calibration service in the scope of the accreditation (certificate); the certificate of calibration or test report shall include the mark of a national accreditation body; or
- Where a non-accredited laboratory is utilized (for example, but not limited to specialist or integrated equipment, parameters with no international traceable standard reference, or original equipment manufacturers), the organization is responsible to ensure that there is evidence that the laboratory has been evaluated and meets the requirements of Section 7.1.5.3.1 of IATF 16949.

NOTE: Integrated self-calibration of measurement equipment, including use of proprietary software, does not meet the requirements of calibration.

Calibration services may be performed by the equipment manufacturer when a qualified laboratory is not available for a given piece of equipment. In such cases, the organization shall ensure that the requirements listed in subsection Internal Laboratory have been met.

Use of calibration services, other than by qualified (or Vernet accepted) laboratories, may be subject to government regulatory confirmation, if required.

K. Competence (7.2)

1. Competence (7.2.1)

Personnel performing specific assigned tasks shall be qualified, as required, with particular attention to the satisfaction of Vernet requirements.

2. On-the-Job Training (OJT) (7.2.2)

Persons whose work can affect quality shall be informed about the consequences of nonconformity to Vernet requirements.

Each location shall have enough trained individuals such that computer applications necessary for direct support of Vernet manufacturing can be accessed during scheduled Vernet operating times, and other applications can be regularly accessed during normal business hours. The specific computer applications required will vary with the scope of an organization site's operations. For manufacturing sites, the required quality applications include, but are not limited to:

- (APQP, PPAP, SCR, SR, MNC, & SCAR)

L. Documented Information (7.5)

1. Record Retention (7.5.3.2.1)

Suppliers shall define, document, and implement a record retention policy. The control of records shall satisfy statutory, regulatory, organizational, and Vernet requirements.

Production part approvals, tooling records (including maintenance and ownership), product and process design records, purchase orders (if applicable), or contracts and amendments shall be retained for the length of time that the product is active for production and service requirements, plus one calendar year, unless otherwise specified by Vernet or a regulatory agency.

NOTE: Production part approval documented information may include approved product, applicable test equipment records, or approved test data.

Supplier inspection and test records shall be maintained for fifteen (15) years at a minimum or as directed by your SQE.

The supplier must keep inspection reports of all product/process inspections showing the conformity of the products.

These reports must be complete and easily available whenever requested by Vernet.

The reports may be kept in hard copy or electronic form by the supplier unless otherwise indicated.

Unless otherwise specified by Vernet, the supplier must keep these reports for a period of fifteen (15) years after delivery of the product in accordance with the contract or order.

Before transferring to any other organization, or before destruction of any such reports, the supplier must notify Vernet in writing of its intention. Vernet reserves the right to take possession of these reports.

2. Engineering Specifications (7.5.3.2.2)

The organization shall have a documented process describing the review, distribution, and implementation of all customer engineering standards/specifications and related revisions based on customer schedules, as required.

When an engineering standard/specification change results in a product design change, refer to the requirements in ISO 9001, Section 8.3.6. When an engineering standard/specification change results in a product realization process change, refer to the requirements in Section 8.5.6.1. The organization shall retain a record of the date on which each change is implemented in production. Implementation shall include updated documents.

Review should be completed within 10 working days of receipt of notification of engineering standards/specifications changes.

NOTE A change in these standards/specifications may require an updated record of customer production part approval when these specifications are referenced on the design record or if they affect documents of the production part approval process, such as control plan, risk analysis (such as FMEAs), etc.

M. Operational Planning and Control (8.1)

New products are developed at Vernet by a cross-functional team. Vernet's suppliers commit to making their teams available throughout the life of the project.

Management of the project steered by Vernet with the full collaboration of the supplier uses an "Advanced Product Quality Planning" (APQP) process.

In the context of a design for which the supplier is responsible, the supplier must provide Vernet with the technical information judged necessary by Vernet and must commit to carry out full patent searches on the proposed definition. Furthermore, if the supplier files a patent, he must inform Vernet thereof.

As appropriate to the organization, customer requirements, and products and services, the organization shall plan and manage product and service provision in a structured and controlled manner including scheduled events performed in a planned sequence to meet requirements at acceptable risk, within resource and schedule constraints.

1. Operational Risk Management (8.1.1)

The supplier shall plan, implement, and control a process for managing operational risks to the achievement of Vernet requirements, which includes:

- a) Assignment of responsibilities for operational risk management;
- b) Definition of risk assessment criteria (e.g., likelihood, consequences, risk acceptance);
- c) Identification, assessment, and communication of risks throughout operations;
- d) Identification, implementation, and management of actions to mitigate risks that exceed the defined risk acceptance criteria;
- e) Acceptance of risks remaining after implementation of mitigating actions.

N. Requirements for Products and Services (8.2)

1. Customer Communication (8.2.1)

The supplier shall provide Vernet with an update contact list with both primary point of contact and secondary identified.

This list needs to be updated and provided to Vernet upon request or when any point of contact has changed.

2. Review of the Requirements for Products and Services (8.2.3)

Vernet New Product Introduction Process contains some Vernet specific requirements not explicitly defined in APQP. Suppliers shall complete these specific requirements are part of APQP.

3. Customer-Designated Special Characteristics (8.2.3.1.2)

Suppliers shall conform to Vernet requirements for designation, approval documentation, and control of special characteristics.

4. Organization Manufacturing Feasibility (8.2.3.1.3)

Before putting a price quotation together, the supplier must carry out a technical/financial feasibility study based on the technical documents supplied by Vernet to be sure they have the capability and capacity to produce the products:

- to the technical specifications,
- in the desired volume on the proposed equipment,
- by continuous improvement of the manufacturing process,
- within the required time (provide development schedule),
- meeting the quality (PPM), cost, delivery, and productivity objectives.

A product/process risk-focused approach is strongly recommended.

This analysis can be carried out on any document the supplier prefers.

For each component the supplier may need to provide a breakdown of the price identifying the raw material, any value added, packaging and transport.

O. Design and Development of Products and Services (8.3)

In the context of development, the supplier must carry out a Product and/or Process FMEA.

The reference document used is AIAG FMEA, 4th edition.

A summary of the FMEA is made available to Vernet and the contents can be consulted on the supplier's premises.

All critical risks must be identified and mitigated by changes to the design and/or manufacturing process.

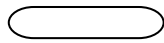

Before making prototype or production tooling, a design review may be carried out by the supplier and Vernet together.

Simulations and tests are defined on a case-by-case basis with Vernet. They must be done before launching prototype and/or production tooling.




1. Special Characteristics (8.3.3.3)

Special characteristics are ranked on Vernet's drawing definition as a function of their impact on the final Vernet product according to the codification below.

Current Vernet drawings definition is as follows:

-  : Critical characteristics
-  : Major characteristics

Past Vernet drawings definitions are as follows:

KEY CHARACTERISTICS	
CRITICAL:	
MAJOR:	
LINE ABOVE SYMBOL	APPLIES TO LOWER LIMITS
LINE BELOW SYMBOL	APPLIES TO UPPER LIMITS
NO LINE WITH SYMBOL	APPLIES TO BOTH LIMITS

In addition to these special product characteristics, the supplier has full responsibility for determining and formalizing those characteristics that are necessary to improve their manufacturing and inspection process.

On all documents (quality control plan, process sheet, etc.), the supplier must identify any special characteristics and confirm compliance.

2. Inspection Plan

During development the supplier must draw up a prototype and/or production Inspection Plan.

The supplier's inspection plan must be sent to Vernet for approval when available during development.



Methods and equipment for inspecting special characteristics will be discussed jointly by the supplier and Vernet so that the two parties can set the methods for inspection of Initial Samples (PPAP).

The supplier must record all the results of the inspections defined in the Inspection Plan.

For characteristics measured by means other than "attribute", the supplier must record the actual measured value.

For special product and process characteristics, the supplier must state on the Inspection Plan the appropriate actions performed during both process validation (PPAP) and full-scale production.

The manufacturing process is confirmed against the capability requirements indicated below.

SYMBOL	DESCRIPTION	Process Validation (PPAP)	Full-scale production
	Critical	CMK > 2.00 CPK > 2.00	100% Inspection Or SPC: CPK > 1.67
	Major	CMK > 1.67 CPK > 1.67	Ongoing Inspection Or SPC: CPK > 1.33

If capability measurements reveal that a part of the process is not reliable or capable, the supplier must put measures in place to prevent delivery of nonconforming parts (Poka-Yoke, 100% inspection, etc.).

a. Enhanced Inspection Plan

Vernet may ask the supplier to provide an enhanced Inspection Plan.

The enhanced Inspection Plan is drawn up by the supplier and sent to Vernet for agreement. It must be continued until the quality objectives are reached.

3. Design and Development Validation (8.3.4.2)

For products designed by Vernet, Vernet may ask the supplier to perform certain tests.

For products designed by the supplier, the validation plan must be defined by the supplier and submitted to Vernet for approval. The result of the validation plan must be shared with Vernet.

4. Prototype Program (8.3.4.3)

The supplier should manufacture the product under process conditions representative of serial production if possible.

The supplier must perform inspections as requested by Vernet.

Prototypes must be identified on all packaging and be accompanied by the material certificate and a dimensional and functional inspection report that highlights any characteristics that may become critical in full-scale production.

Traceability must be managed using a batch number indicated on the packaging and on the inspection report.

5. Product Approval Process (8.3.4.4)

a. Initial Samples – PPAP

Products for preparing the PPAP file (Aerospace FAIR) must be picked from a significant production run. This production run must be carried out on the production equipment, unless otherwise indicated by Vernet (Aerospace).

Before delivering any production parts, the supplier must submit Initial Samples (PPAP) made under full-sale production conditions.

The initial samples (PPAP) are the subject of a Purchase Order from a Vernet Buyer along with PPAP Requirement form. ([Appendix 4](#)).

When sending the initial samples, the supplier must observe the following rules:

- **Marking**: Products that have been dimensionally and/or functionally inspected must be marked individually and indelibly if possible.
- **Packaging**: Products must be packaged and clearly identified with the words “Initial Samples” or “PPAP Samples.”
- **Quantity**: The number of products to be submitted is defined by the quality department and will be shared in the PO.
Note that in the case of tooling with multiple mold cavities, all the cavities must be covered by a PPAP presentation.
- **Dispatch**: Initial or PPAP samples should be sent independently of any production delivery to Vernet.
- **PPAP file**: The PPAP file must in every case be sent to Vernet and must consist of all documents detailed in the PPAP Submission and the equivalent of the AIAG PSW. ([Appendix 5](#)). ([Appendix 5/example only](#)).

The PPAP file must be accompanied by the part submission warrant PSW (*Appendix 5/example only*).

The supplier must record the weight of the product (out to four decimal places) on the PSW, even if it is not defined in Vernet's technical specification.

If initial samples are not accepted by Vernet, the supplier must send the updated PPAP submission and, if appropriate, new Initial Samples. In this case, the Buyer does not issue another Initial Sample Purchase Order.

The supplier must keep on site a test specimen taken when the Initial Samples were produced. This archiving must be done throughout the life of the product + 10 years.

Acceptance of the initial samples and the PPAP file is provided when the Quality Engineer signs the PSW as approved.

The acceptance status announced by Vernet applies the following rules:

- **Full Approval:**

Full approval states that the product meets the requirements of the technical specification, and that no shortcoming has been observed in the PPAP file. The supplier is therefore authorized to dispatch products in accordance with the delivery planning Purchase Order issued by Vernet Supplying Department.

- **Interim Approval:**

The reasons for Interim Approval will be identified in the comment section of the PSW.

Two kinds of Interim Approval are possible:

- 1) Part of the documentation required in the PPAP is missing, or further to part review some of the documentation does not line up with Vernet's requirements. In this case a maximum period of **10 days** is allowed to provide the missing documentation.
- 2) Dimensional and/or functional deviation is found on initial samples in comparison to technical specifications:
 - Until supplier can produce parts to print specification
 - Until Vernet can provide a revised print.

- **Approval Rejected:**

The reasons for the rejection will be given in the comments section of the PSW.

The supplier must undertake the necessary corrections and communicate **a new submission lead-time** for the Initial Samples.

This status level does not permit serial delivery of products to Vernet.

b. Product Requalification

The supplier must ensure quality by regularly requalifying the product delivered to Vernet.

Product requalification is to be carried out as requested by the Vernet Quality Department.

Note: “Original Equipment” automotive products are due annually.

The supplier must send the result of this requalification together with the PSW to the Vernet Quality Engineer.

6. Manufacturing Process Design Output (8.3.5.2)

PFMEAs and control plans are required for prototype, pre-launch, and production phases.

Suppliers shall ensure that design and development outputs specify, as applicable, any critical items, including any key characteristics.

P. Control of Externally Provided Processes, Products and Services (8.4)

Vernet requires that Vernet suppliers allow and facilitate Vernet visits and audits of Sub-Tier suppliers as requested.

1. General (8.4.1)

The supplier shall determine and apply criteria for the evaluation, selection, monitoring of performance, and re-evaluation of external providers, based on their ability to provide processes or products and services in accordance with Vernet requirements.

Quotation Criteria - When submitting a quotation, the following criteria shall be addressed:

- Clear understanding and agreement on the product specifications, requirements, and applications.
- Internal capabilities sufficient to manufacture products at consistent, acceptable, quality and performance levels.
- Recommendation of any changes that will prove advantageous to product quality, performance, price, and delivery.
- Notice of any exceptions to be included with quotation bid.
- Any tooling, gauges etc. provided by Vernet shall be controlled within the supplier’s system (e.g. for calibration requirements).

2. Supplier Evaluation

The addition of any new supplier to Vernet's approved list of suppliers is carried out as follows:

- Evaluation by the Vernet buyer or quality engineer, using Supplier Questionnaire. [\(Appendix 6\)](#).
Analysis of this questionnaire by Vernet following the evaluation procedure.
- Evaluation of the quality/environment system by the Vernet Purchasing / Quality Department of the production site according to Supplier Management Survey document.

Following this audit, the rules for placing a supplier on Vernet's approved list of suppliers are as follows:

- ✓ **IC ≥ 85%:** The supplier is placed on Vernet's approved list of suppliers with request for action plan to address identified issues.
- ✓ **80% ≤ IC < 85%:** The supplier is placed on Vernet's approved list of suppliers with request for action plan to address identified issues and follow-up audit within 6 months maximum.
- ✓ **IC < 80%:** The supplier is not placed on Vernet's approved list of suppliers but will be sourced as a probationary supplier.

3. Supplier Notification

The supplier must notify Vernet in writing within two (2) weeks of any of the following occur:

- Any loss of Quality or Environmental certification.
- Any change to Quality or Environmental certification.

4. Supplier Selection Process (8.4.1.2)

For potential suppliers to Vernet US the selection team from Vernet US, will assess the supplier against specific requirements including Quality, Technical, Regulatory, Financial, Warranty Commitment, Target Cost and Future Cost Reductions.

Potential suppliers will be asked to complete a Supplier Selection Assessment as a prelude to a site visit by the selection team. During the site visit, qualified members of the selection team will perform a Supplier Selection Assessment and/or a Focused Quality System Assessment. The selection team will be comprised of representatives of engineering, manufacturing, purchasing, quality, and finance. The Supplier Selection Assessment looks at many of the supplier's systems in detail with the objective of determining which areas need to be improved prior to launching a Vernet US product at that facility. The Focused Quality System Assessment, rather than looking for the presence of an entire quality system, focuses on the effective implementation of the system and looks for evidence of routine execution.

Process/Product audits of similar products being run on the process proposed for Vernet may also be included as part of the Supplier Selection Process.

a. Selection and Schedule

After carrying out a review, the Vernet buyer names the selected supplier.

When named, the supplier must put in place the project process (APQP) and confirm the overall Product - Process development schedule.

The schedule must be kept up to date and communicated to Vernet. Any problems or delays must be shared with Vernet immediately with a corrective action plan if necessary.

Q. Information for External Providers (8.4.3)

As a Vernet supplier the following requirements shall be met:

- a. The processes, products, and services to be provided including the identification of relevant technical data (e.g., specifications, drawings, process requirements, work instructions;)
- b. The approval of:
 1. Products and services;
 2. Methods, processes and equipment;
 3. The release of products and services;
- c. Competence, including any required qualification of persons;
- d. The external providers' interactions with the organization;
- e. Control and monitoring of the external providers performance to be applied by the organization;
- f. Verification or validation activities that the organization, or its customer, intends to perform at the external providers' premises;
- g. Design and development control;
- h. Special requirements, critical items, or key characteristics;
- i. Test, inspection, and verification (including production process verification);
- j. The use of statistical techniques for product acceptance and related instructions for acceptance by the organization;
- k. The need to:
 1. Implement a quality management system;
 2. Use customer-designated or approved external providers, including process sources (e.g., special processes);
 3. Notify the organization of nonconforming processes, products, or services and obtain approval for their disposition;
 4. Prevent the use of counterfeit parts;
 5. Notify the organization of changes to processes, products, or services, including changes of their external providers or location of manufacture, and obtain the organization's approval;
 6. Flow down to external providers applicable requirements including customer requirements;
 7. Provide test specimens for design approval, inspection/verification, investigation, or auditing;
 8. Retain documented information, including retention periods and disposition requirements;

- l. The right of access by the organization, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain;
- m. Ensuring that persons are aware of:
 - 1. Their contribution to product or service conformity;
 - 2. Their contribution to product safety;
 - 3. The importance of ethical behavior.

1. Regulation

In the context of international directives and/or any other standards or customer requirements applicable to the product, the supplier must submit to us, for all delivered products:

- the required compliance commitments
- confirmation that the necessary declarations have been made through the appropriate websites or forms (e.g. IMDS, Conflict Minerals, etc.).

For the IMDS declaration, the supplier must use Vernet ID No. 35506 (website: www.mdssystem.com).

- The REACH compliance commitment must be given when submitting the PPAP file when applicable.
- The RoHS compliance commitment must be given when submitting the PPAP file, when applicable.

The supplier must always keep himself informed about changes in standards and directives (REACH, ROHS etc.). If the material used is no longer authorized under the regulations, the supplier must notify Vernet in writing **without delay** and propose an action plan.

For materials subject to "Drinking water" certification (UBA, ACS, WRAS, NSF 61, BWGL, etc.), the supplier is required to:

- Monitor the evolution of the associated regulations,
- Maintain the validity of the certifications whatever the evolutions may be,
- Renew these certificates at his expense and this **within the deadlines imposed by the fact that there must be no break in the certifications,**
- Communicate within a maximum period of 48 hours at the request of Vernet all the elements of proof, making it possible to ensure the conformity of a delivery with respect to the applicable certifications (Example: Certificate 3.1 for metal parts, Material certification for elastomers and plastics, ...).

Vernet may request the supplier to send an annual report on the status of these certifications in respect of the materials used by Vernet. This report must show the current accreditation status and future actions.

R. Control of Production and Service Provision (8.5.1)

1. Control Plan (8.5.1.1)

The supplier shall, if required by Vernet, provide measurement and conformity data collected during execution of either the pre-launch or production control plans. The supplier shall include in the control plan:

- a. Controls used for the manufacturing process control, including verification of job set-ups;
- b. First-off/last-off part validation, as applicable;
- c. Methods for monitoring of control exercised over special characteristics defined by both Vernet and the supplier;
- d. Any Vernet-required information, if any;
- e. Specified reaction plan; when nonconforming product is detected, the process becomes statistically unstable or not statistically capable.

2. Production Process Verification (8.5.1.3)

The supplier shall implement production process verification activities to ensure the production process is able to produce products that meet Vernet requirements.

NOTE: These activities can include risk assessments, capacity studies, capability studies, and control plans.

The supplier shall use a representative item from the first production run of a new part or assembly to verify that the production processes, production documentation, and tolling are able to produce parts and assemblies that meet Vernet requirements.

NOTE: This activity can be referred to as First Article Inspection (FAI)

3. Management of Production Tooling and Manufacturing, Test, Inspection Tooling and Equipment (8.5.1.6)

a. Tooling Partially or Fully Paid for by Vernet

For any products requiring special tooling for Vernet, the supplier must indicate in its quotation the following information,

- Type and description of tooling,
- Number of mold cavities,
- The tooling warranty (if applicable),
- Any other requirements specified by Vernet.

At Vernet's request, the supplier must complete the forms showing price breakdown and description of tooling sent by Vernet.

Tooling requires an order from the Vernet Purchasing Department. This order states the conditions of payment applicable to this investment.

At Vernet's request, the supplier must send in 2D and/or 3D tooling drawings.

Purchasing sends the Tooling Tracking Sheet for completion. For plastic injection and stamping tools, the supplier transmits the Tooling Tracking Sheet ([Appendix 7](#)).

If applicable, the supplier must affix asset tags sent by Vernet or made by the supplier at Vernet's request. The supplier must send the corresponding pictures clearly showing the asset tags fixed on the tooling.

To anticipate the needs of overhauling and/or replacing the tooling, the supplier must return the Tooling Tracking Sheet, stating the condition of Vernet's tooling.

Other provisions: see the Vernet Purchasing Terms and Conditions ([Appendix 2](#)).

4. Production Scheduling (8.5.1.7)

All product purchased by Vernet must be associated with an order or delivery program (open order) issued by Vernet's Purchasing Department or Planning Department.

Purchase Terms and Conditions of Vernet apply to every order and/or scheduling agreement issued by Vernet ([Appendix 2](#)).

All documents, and more, particularly invoices, for which there is no corresponding purchase order are rejected.

For delivery, the supplier must always send a packing slip clearly identifying the goods delivered (including the batch number) and the corresponding purchase order.

Invoices must be addressed to the location where the purchase order was issued for processing before settlement by Vernet Accounts Department.

Costs incurred by a non-conformity of the products and recognized by the supplier are the responsibility of the supplier in accordance with Vernet's Purchasing Terms and Conditions ([Appendix 2](#)).

S. Identification and Traceability (8.5.2)

The product packaging selected by the supplier must:

- protect the product during transport (impact, pollution),
- be suitable for handling, storage, and the nature of the product,
- weigh no more than 35 pounds, unless otherwise agreed by Vernet,
- have an identification enabling full traceability on each container,
- have minimal impact on the environment.

Vernet reserves the right to specify the nature, dimensions, and quantity of parts per package if the package proposed by the supplier is not suitable.

On each product packaging the supplier must show the following information:

- the supplier's name,
- the Vernet product reference (part number and description),
- the quantity,
- the Vernet drawing rev level,
- the traceability number.

The traceability number must make it possible to track the manufacturing data to the batch of raw material used.

T. Preservation (8.5.4)

The supplier shall meet packaging requirements agreed upon by Vernet and supplier at the time of production tooling order.

The expiration date must be indicated clearly on the product packaging. The supplier must provide Vernet with pertinent information about the shelf life of the product and the applicable storage requirements.

1. Cleanliness Requirement

For some products the level of cleanliness expected by Vernet is specified in the technical specifications.

The supplier must put in place any necessary step to:

- Ensure total compliance with the defined cleanliness requirements,
- Perform the necessary inspections to provide Vernet with the proof that the product meets these requirements. This applies to initial samples (PPAP) from periodic or on-request requalification.
-

To maintain this overall level of cleanliness, the supplier must put in place all necessary arrangements in the manufacturing process. **A 5S approach is recommended.**

2. Controlled Shipping

Vernet may, at its discretion, require the organization to participate in Controlled Shipping activities. This may include third party containment/component certification processes that are provided at the supplier's expense. These actions will be implemented at the direction of Vernet Purchasing. These activities will be monitored at a senior level at Vernet and require the active participation of senior management at the supplier.

U. Control of Changes (8.5.6)

Once initial samples are approved by Vernet, any change the supplier wishes to make **must be submitted to Vernet for prior approval**. The supplier must describe the proposed change to the Vernet Buyer in writing, including full technical information, and must have Vernet's written agreement before implementing the change.

This covers the following cases:

- Product design change,
- Change in the qualified process,
- Change in test and inspection methods,
- Change of supplier of material,
- Change of subcontracting supplier,
- Production transferred to a new production site,
- Production transferred to a subcontractor of the supplier,
- Replacement of tooling coming to its life's end,
- Tooling inactive for more than 5 years.

Any change must be validated by Vernet with the approval of initial samples sent by the supplier.

V. Release of Products and Services (8.6)

Suppliers shall implement planned arrangements, at appropriate stages, to verify that the product and service requirements have been met.

The release of products and services to Vernet shall not proceed until the planned arrangements have been satisfactorily completed, unless otherwise approved by Vernet.

The organization shall ensure that all documented information required to accompany the products and services are present at delivery.

1. Annual Layout (8.6.2)

To ensure continuing conformance to all Vernet requirements, an annual layout, including all sub-components, shall be performed when requested.

W. Control of Nonconforming Outputs (8.7)

Vernet will inform the supplier if a complaint or a request for corrective action from Vernet, Vernet's customers, or an audit identify a non-conformity on a product delivered by the supplier.

The complaint is sent to the supplier through an 8D Report Form ([Appendix 8](#)).

Application of this 8D Report Form is mandatory for each supplier.

The supplier is responsible for the following activities:

- The supplier must respond to the complaint **within 24 hours** and implement the requested containment plan **within 3 days**. (**Steps D0 to D3 of the 8D Report Form**).
If nonconformities are detected at receiving inspection, there are two possible ways of securing delivery:
 - 100% sorting done at Vernet at the supplier's cost, either by the supplier in person, or by Vernet, who may appoint an external company to do this sorting,
 - Return of complete batch at supplier's cost within 5 working days. In this case the entire batch will be considered in the calculation of PPM.

If required by the build schedule of the product (line down), 100% sorting is decided by Vernet and the supplier is informed.

- **Within 10 working days**, the **supplier** must seek out the potential root causes, following two lines of action: the occurrence itself, and its non-detection (why made – why shipped).
The supplier must send Vernet the 8D Report Form (**Steps D4 to D5 in the 8D Report Form**) listing what are identified to be the potential root causes and the proposed and planned corrective and preventive actions.

The Vernet Quality Engineer will either confirm or deny the supplier's proposal.

- **Within 30 days** the **supplier** must send the updated 8D Report Form (**Step D6 in the 8D Report Form**) stating that the corrective and preventive actions have been put into effect.

The Vernet Quality Engineer will either confirm or deny the supplier's proposal.

- **Within 60 days** the **supplier** must send the updated 8D Report Form (**Steps D7 to D8 in the 8D Report Form**) verifying the implementation and effectiveness of all the actions. **After 90 days**, Vernet may request further corrective action effectiveness.

Any non-conforming materials will affect the supplier performance rating.

1. Special Status

In the event of a recurring defect causing significant problems to Vernet or their customers, Vernet may decide to impose a special status as described below:

- Any product delivery is accepted by Vernet provided that a quality firewall has been put in place by the supplier to provide Certified product. The supplier must explain the nature of this quality firewall at their facility.
- Any product delivery is accepted by Vernet only at the condition that a quality firewall has been put in place by an external company chosen by Vernet.
Vernet will explain to the supplier the nature of this quality firewall.

Costs incurred by Vernet and their customers due to a nonconformity must be accepted by the supplier as per the Purchasing Terms and Conditions ([Appendix 2](#)).

Any non-conformity declared and recognized by the supplier may be subject to an Administrative Fee. These costs are additional to the costs previously mentioned.

2. Waiver Request

If the supplier discovers a deviation from the technical specification, he must immediately inform Vernet's Supplier Quality Engineer of this before the product is delivered.

This information may be given on the Supplier's own format.

The supplier's request must be documented with at least the following information:

- The Vernet product reference,
- The batch number,
- The batch quantity,
- The quantity of nonconforming product,
- A description of the nonconformity, with pictures/diagrams, if necessary,
- An analysis of the root causes,
- The actions defined on the root cause(s) and the timeline to implement these actions.

Vernet will examine the deviation request, and if necessary, will ask the supplier to carry out tests and/or trials on products and will inform the supplier about their decision.

If the deviation request is accepted, the supplier must identify each packaging during the deviation period.

X. Performance Evaluation (9)

A follow up of Vernet suppliers' performance is issued upon the hereunder indicators:

- **Parts Per Million (PPM)**

The level of non-conformity (PPM) is calculated as follows:

$$\text{PPM} = (\text{Number of non-conforming parts} / \text{Number of delivered parts}) * 1\,000\,000$$

- **On-Time Delivery (OTD)**

Delivery is considered late by Vernet when delay passes 2 working days. The on-time delivery rate is calculated from the percentage of on-time deliveries and the total forecasted number of deliveries.

$$\text{On-Time Delivery (OTD)} = (\text{Number of on-time deliveries}) / (\text{Total number of deliveries}) * 100$$

- **Failure to Deliver to Vernet**

These are managed on a case-by-case basis by the Vernet buyer who informs the supplier in writing.

Costs incurred by Vernet, and their customers will be the responsibility of the supplier as per the Purchasing Terms and Conditions ([Appendix 2](#)).

- **Certifications**

Evaluation of the validity of current certifications.

- **Expedite Shipments**

The supplier must provide tracking for any expedite shipments in the case of late deliveries.

Y. Monitoring, Measurement, Analysis and Evaluation (9.1)

1. Monitoring and Measurement of Manufacturing Processes (9.1.1.1)

The supplier shall maintain routine quality data (e.g., quality indices updates, reliability test results, any data collection defined in control plans, etc.) that are required by the Vernet Engineering drawing, agreed to in the APQP/PPAP elements of the Cycle, or established as part of a corrective action plan. Such data shall be made available to Vernet upon request and provided within one (1) business day of such request.

2. Application of Statistical Concepts (9.1.1.3)

Suppliers are encouraged to adopt Six Sigma as a formal improvement process, particularly when aimed at improving quality or reducing costs.

Suppliers shall use statistical tools for managing and improving processes wherever possible. Statistical tools may include but are not limited to Statistical Process Control.

3. Customer Satisfaction (9.1.2)

a. Supplier Improvement Plan

Vernet has a monitoring system for failing suppliers to improve their performances and protect its customers. **This system is called our "Supplier Report Card".**

It is based on a quarterly analysis of the performances of selected suppliers.

During this analysis, each supplier is graded on the criteria located in the Supplier Report Card ([Appendix 9](#)).

Vernet's Purchasing/Quality committee decides whether to introduce an escalation plan for each supplier if they do not meet Quality or Delivery performance expectations.

This escalation plan is managed directly by the Buyer and Supplier Quality Engineer concerned.

It takes the following form:

- A meeting with Vernet and the supplier within **not more than 15 Days** from the date the supplier is invited to attend. At this meeting the supplier must present a short- and medium-term action plan.
- Vernet does an audit at the supplier's site.

The action plan must highlight the overall actions related to the Supplier's Quality Management System and should not be a unitary review of incidents over the period concerned.

A significant improvement in the supplier's performance is expected within the **next 6 months (maximum)**.

If this improvement does not take place, Vernet may consider a suspension of Requests for Quotation toward the supplier for a period of time depending on the performance shortcomings.

Z. Nonconformity and Corrective Action (10.2)

1. Problem Solving (10.2.3)

Vernet SCAR number should be used as a reference during the 8D process.

2. Continual Improvement (10.3)

Suppliers are expected to apply continual improvement techniques to non-product characteristics that impact quality, service, and cost such as machine downtime, floor space utilization, first-time PPAP approvals, testing methods, process flows, etc. Lean manufacturing methods are a proven way of achieving these improvements and are encouraged by Vernet.

AA. References

ISO 9001: 2015

ISO 14001: 2015

IATF 16949: 2016

ISO/IEC 17025: 2017

AS9100D: 2016

 AIAG MSA: 4th edition

 AIAG PPAP: 4th edition

 AIAG FMEA: 4th edition

 AIAG/VDA FMEA: 1st edition

 AIAG APQP: 3rd edition

 AIAG SPC: 2nd edition

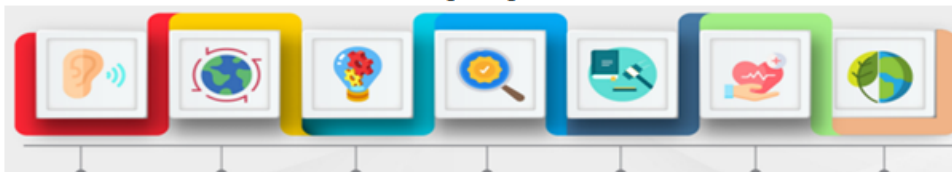
 AIAG Control Plan: 1st edition

BB. Appendix 1: Vernet Quality Policy (updated versions may look slightly different)



VERNET Quality Policy

The Vernet group, one of the world's leaders in the design and manufacture of thermostatic solutions for the Automotive, Truck, Sanitary, Heating, Ventilation, and Aerospace industries, aims to pursue and accelerate its development by focusing on the following strategic areas:



Listening to and satisfying our customers and interested parties.

Development of international activities.

Development of innovation focused on performance, comfort, and safety.

Quality control, delivery times, and costs.

Respect for laws, ethics, and people.

Preservation of health and workplace safety.

Reducing our carbon footprint and environmental impact.

The commitments of the VERNET Group are:

Continuous improvement of process and procedure through Lean practices to increase our competitiveness.

Train, educate, and improve the skills of our employees.

Protect the environment by preserving natural resources and eliminate pollution risks to maintain "Zero Environmental Incidents."



Provide products and services at the highest standard of quality and reliability while accomplishing the "Zero Defect" objective.

Meet obligations of legal terms and other applicable requirements.

Eliminate dangers and reduce risks in alignment with the "Zero Accident" objective through employee training and consultation.

Provide safe and healthy working conditions to prevent illnesses and injury.

During Management Reviews, the group's Managers will ensure the effectiveness and efficiency of the Management System. They will take all necessary measures to make it evolve, improve, and become more efficient in accordance with the strategic orientations and objectives defined for the group.

CC. Appendix 2: Vernet US Purchasing Terms and Conditions (PUR-WI-00002)

(updated versions may look slightly different)



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GENERAL PURCHASE TERMS OF VERNET US Created February 6, 2019

1 - SCOPE

The purpose of these General Terms is to define the terms and conditions applicable to every purchase of material, equipment, services made by Vernet US from manufacturers, suppliers, or service-providers (hereafter called "the Supplier"). All other terms or conditions which might exist between VERNET US and the Supplier (collectively, the "Parties") shall be identified as Special Purchase Terms. The order of precedence of the documents shall be, in the order of their listing hereafter:

- 1) the Special Terms (which might consist of different documents)
- 2) the General Terms (collectively, the "Terms").

In the present document, the material, equipment, facilities and services purchased by VERNET US are called "*the supplies*" or "*the supply*".

By signing the Special Terms or by the express or implicit acceptance of the order, the Supplier is deemed to have accepted, without reservation, the present General Terms and to have renounced, without reservation, its own General Sales Terms, even when issued subsequently, with respect to any clause which is in conflict to the terms herein. Such acceptance of VERNET US's terms and waiver of Supplier's is deemed given if no reservations are expressed by the Supplier within 8 days of execution of these General Terms and any Special Terms between the Parties.

The Parties' agreement, whether recorded by the signature of the list of Specifications and/or whether it results from an order or a delivery program even accepted implicitly, shall be called hereafter "the Contract".

2 - ORDER

All purchases made by VERNET US must in all cases be covered by an order issued in writing by VERNET US's Purchasing Department. The order shall become definitive only after receipt by VERNET US of the acknowledgment of receipt, signed by the Supplier without modification or reservation of any kind whatever.

However, if the acknowledgment of receipt is not received within 10 days from the date of issue of the order, the purchase order shall become definitive and shall be deemed to be accepted without reservation by the Supplier. No clause or term different than the documents issued by VERNET US, shown on any document whatsoever, issued by the Supplier, shall supersede the terms of the Terms, even if VERNET US fails to object.

3 - DELIVERY

The quantities indicated in the Contract must be met in full and time is of the essence in the performance of all Contracts under these Terms. Unless otherwise stipulated beforehand in writing, these delivery times are for goods delivered to the sites designated by VERNET US. The Supplier must inform VERNET US in reasonable time of any event likely to undermine the performance of the order. VERNET US reserves the right to refuse any delivery made before the planned date which has not been covered by a prior agreement of the Purchasing and Supplies department. VERNET US reserves the right to return, with carriage due, any order surplus over 10% of the volume ordered, and any goods delivered without approval by Purchasing and Supplies Department. If VERNET US decides not to return a delivery made before the planned date, the payment shall be made only on the contractual date.

If the delivery times are not met, VERNET US reserves the right, at its discretion, and without prior notice, to:

- a) Maintain the order or the delivery program. Late delivery gives entitlement to penalties the sum of which is equal to one percent (1%) of the total value of the order, excluding taxes for each week of delay, with a minimum penalty of four days, and a ceiling set at 10% of the gross value of the order, without limiting VERNET US's other remedies in law and equity;
- b) To reject the order in whole or in part without indemnity for the Supplier, for any delivery delay exceeding one (1) week. Supplies delivered late may be kept by VERNET US for a reasonable time after delivery without their retention being considered a waiver by VERNET US of its right to reject the delivery in whole or in part;
- c) To make, in good faith and without unreasonable delay, any reasonable purchase of or contract to purchase goods in substitution for those due from the Supplier; or
- d) To demand specific performance and seek damages incurred by VERNET US in mitigating its losses

The packaging and the identification of the products must comply with the industry standard. Every delivery must be accompanied by a copy of the packing slip. The packing slip should include name of Supplier, packing slip number, Vernet US part number, quantity delivered, purchase order number, and lot number.

4 - PRICE, INVOICING AND PAYMENT

Unless otherwise stipulated, prices, including that for packaging, are sent to be VERNET US's U.S. Office. The



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prices shown on the order may, under no circumstances, be modified without VERNET US's prior, written agreement. This agreement shall be given the tangible form either of a rider to the purchase order, or of a new purchase order cancelling and replacing the initial document. Only the rider or the replacement purchase order shall authorize the drawing-up of an invoice at prices different from the initial prices. If there is no special agreement between the parties, and subject to the acceptance of the deliveries, payments are made 60 days net.

5 – COMPLIANCE OF DELIVERED GOODS

The delivered goods must satisfy requirements expressed in the purchase order, including, but not limited to those identified in drawings, specifications and, where not specified, those originally identified in the initial samples accepted by VERNET US. VERNET US reserves the right to examine the goods up to and including a reasonable period following delivery of the products. The signature by VERNET US of the delivery notes is not equivalent to definitive acceptance of the products. Acceptance of the products is generally granted upon successful assembly of the products when such products are subject to Quality Assurance/Quality Control (QAQC), and during product inspection in the case of non-QAQC products. All non-complying or defective goods must be removed by the Supplier within 8 days from the notification of refusal of acceptance of the goods, failing which they shall be returned to it, at its expense and risk, by VERNET US. The costs of any operations of sorting, disassembly and re-assembly, together with repairs undertaken by VERNET US, and made necessary by virtue of the non-compliance of the supplies, shall be borne by the Supplier. In the event of non-complying delivery, VERNET US has the option of cancelling the order concerned.

Upon receipt of an order, the Supplier shall adhere to the VERNET US's QAQC Program, which Supplier agrees it has been given an opportunity to examine. VERNET US shall make the QAQC Program available for review to Supplier upon request. All materials used in the manufacture of products intended for VERNET US must comply with all laws, regulations, permits, or decrees (collectively, "regulations") in force, in particular with regards to hazardous or toxic materials or products which may be harmful to human health and the environment. The Supplier shall hold VERNET US harmless against all claims, losses, damages, expenses, fees (including attorney's fees), costs and judgments that result from failure to comply with these Regulations to the extent that

they are caused in whole or part by Supplier's negligent act, omission, or strict liability of Supplier.

6 – RELATIONS WITH THIRD PARTIES

The Supplier shall indemnify and hold harmless VERNET US as to the validity of Supplier's industrial and/or intellectual property rights with respect to the manufacture and sales of its supplies. In the event of action for infringement of copyright against Supplier, Supplier shall be solely liable for any claims, losses, damages, expenses, fees (including attorney's fees), costs, and judgments resulting from this action. It would moreover be liable for damages incurred by VERNET US for any total or partial non-execution of the contract or contracts using the supplies concerned, and for the costs, fees and damages paid or incurred by VERNET US as a result of such non-performance. In the event of a claim or suit brought against VERNET US as a result of this section, VERNET US reserves the right to terminate any contracts pending, by certified mail, return receipt requested, subject to all rights and actions against the Supplier.

7 – COMMUNICATION AND REPRODUCTION OF DOCUMENTS

Supplier agrees that all data and information in hard copy, electronic, or any other format, disclosed, developed or obtained under this Agreement by Supplier and provided by or developed on behalf of VERNET US, shall be and remains the sole property of VERNET US (the "Data"). Supplier shall promptly deliver all Data to VERNET US upon VERNET US's request. Supplier shall be fully responsible for the care and protection of the Data until such delivery. Supplier may retain one copy of the Data for Supplier's archive, subject to Supplier's continued compliance with the provisions of this Article. Supplier agrees not to assert, or to allow persons performing under Supplier's control, to assert any rights to Data and not to establish any claim under design, patent, or copyright laws. It is expressly agreed that all copyrightable or patentable Data produced under the Contract and Terms has been specifically commissioned by VERNET US and shall be considered "work for hire" and that all copyrightable and other proprietary rights therein shall vest solely in the VERNET US.

Supplier understands and agrees that all rights under copyright and patent laws under this Agreement belong to VERNET US. Supplier hereby assigns any and all rights, title, or interest under copyright, trademark, and patent law to VERNET US, and agrees to assist VERNET US in perfecting the same at VERNET US's expense. Except as otherwise provided in this Agreement, said documents

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shall be delivered to VERNET US without additional cost to VERNET US
VERNET US shall have the unrestricted right to transfer ownership of the Data.

8 – CONFIDENTIALITY AND INTELLECTUAL OR INDUSTRIAL PROPERTY

All information and data disclosed by VERNET US or otherwise developed or obtained under this Agreement shall be deemed to be proprietary and confidential information (“Confidential Information”).

Supplier shall not disclose Confidential Information without VERNET US’s written consent. Those persons under Supplier’s control shall not use Confidential Information for any purpose other than for the proper performance of the Contract and/or the Terms. Supplier’s obligations under this Article shall not apply to Confidential Information that is: (i) in the public domain without breach of this Agreement; (ii) developed independently by Supplier; (iii) received by Supplier on a non-confidential basis from others who had a right to disclose such Confidential Information; or (iv) is required to be disclosed by law or applicable court order, but only after actual prior written notice has been received by the VERNET US and VERNET US has had a reasonable opportunity to protect disclosure of such Confidential Information.

Supplier shall ensure that the foregoing obligations of confidentiality and restricted use also extend and bind the employees and agents of Supplier and its Suppliers and suppliers who have been provided access to the Confidential Information under this Agreement.

Supplier’s obligations under these Terms shall not be released, and shall specifically survive, the completion of any Contract hereunder by Supplier, final payment to Supplier, and termination of these Terms or any Contract for any reason. Articles on Indemnity, Confidential Information, and Rights in Data shall survive termination of this Agreement.

9 – EQUIPMENT AND FACILITIES IN STORAGE

The studies, drawings and equipment or facilities produced and manufactured by the Supplier, at its expense, for VERNET US, and especially for the performance of the orders of VERNET US, are the full and complete property of VERNET US, and must be returned at first request. No right of retention may be exercised by the Supplier in relation to the equipment or facilities. In the event of default of the Supplier, and whatever its rights over the

said equipment or facilities in respect of Industrial Property, the Supplier expressly authorises VERNET US as of right to complete or have completed the equipment and facilities and/or to produce the parts for the production of which this equipment or these facilities are intended. The equipment or facilities deposited in the premises of the Suppliers of VERNET US must be used only for the manufacture of parts or units ordered by VERNET US, and the Supplier explicitly agrees not to use them on behalf of third parties. Any violation of this prohibition will result in adjudication in a competent court of the proper jurisdiction. The Supplier shall insure the equipment or facilities against damage to them or destruction of them during the term of their use. The custody, maintenance and return in an unchanged condition of this equipment or these facilities shall be guaranteed by the Supplier, at its expense and risk, on the terms set out between the parties. The Supplier shall affix to each of the said equipment or facilities the identification plate which shall be sent to it by VERNET US.

10 – OWNERSHIP OF CERTAIN RAW MATERIALS AND COMPONENTS

When an order indicates that certain raw materials, parts and components, which are the property of VERNET US, have been sent to the Supplier to be used by it for the execution of the order, the Supplier is forbidden from using these raw materials, parts or components as collateral to a third party or allow them to become subject to a lien or attachment. The Supplier shall keep them safe and maintain them, but also to identify them as VERNET US’s property so that there is no confusion between VERNET US and Supplier’s goods, and such that in the event of compulsory administration, bankruptcy, or liquidation of the Supplier’s assets, VERNET US may exercise its right to claim its goods.

11 – GENERAL OBLIGATIONS OF THE SUPPLIER

11.1. General points

All the obligations made incumbent on the Supplier for the performance of the order are governed by Indiana Code 26-1-6-301 *et seq.* and more generally by Chapter 2, Section 301 of the Uniform Commercial Code.

11.2. Inspections and technical modification of the products

By express agreement, the Supplier takes personal responsibility for inspections of all kinds which it judges relevant in relation to the products sold, and VERNET US is not bound contractually to undertake these inspections. Inspections which might be undertaken by VERNET US



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or its principals, in particular by virtue of Article 5, do not form a novation to this obligation. Every technical modification, even a minor one (in relation to the packing list, packaging, etc.) must be covered by a new purchase order, issued by the Purchasing and Supply Department, and must be validated through a presentation of initial samples

11.3. Advice

As a professional of the article sold or the service provided, the Supplier is obliged to give VERNET US all advice which it shall judge of use to obtain the result desired by VERNET US or with a view to improving productivity or for any other reason.

11.4. Security of supplies

Every cessation of the manufacture or of the supply, for any reason whatever, must be covered by a prior, written agreement of VERNET US.

Failure to comply with this obligation may lead to VERNET US being indemnified for all prejudices of all kinds which shall be the consequences of the failure.

11.5. Statutory and technological watch

In its capacity of professional of the supply sold to VERNET US, the Supplier undertakes the regulatory and technological supervision required to procure for VERNET US a supply complying with to the standards, laws and regulations in force, and to the most appropriate technological solutions.

12 – GUARANTEES AND LIABILITIES

12.1. Guarantees

The Supplier guarantees its supply against all faults or operational flaws, whether visible or hidden, known or unknown, arising from a design error, or a material or manufacturing fault. The Supplier shall indemnify VERNET US for all its bodily, tangible, and intangible damages, both direct and indirect, which VERNET US or any other third party would incur for so long as VERNET US remains obligated to the purchaser of the products in which the supplies are incorporated. Consumer goods, together with ordered devices, machines and assembly resources, are guaranteed by the Supplier for a period of 1 year from the delivery, unless otherwise stipulated in the special terms.

12.2. Recall or withdrawal of product

If VERNET US or its client decides to recall or withdraw a supply or a product incorporating a supply, the Supplier shall indemnify VERNET US and all other third parties for all damages incurred by VERNET US or any other third party.

12.3. Liabilities after delivery

Supplier shall comply with IC 26-1-6-301 *et seq.* and more

generally with Chapter 2, Section 301 of the Uniform Commercial Code regarding sale and delivery of goods. Thus, at any time, even after expiry of the contractual guarantee, the Supplier shall remain bound by all consequences, both direct and indirect, of flaws and faults of all kinds, errors and omissions, performance deficiencies, etc, which would affect the supplies, and more generally all failures to fulfil its obligations arising from the Contract, from the application of the norms or from the regulations in force. No clause deriving from the Supplier, intended to reduce its legal guarantee or the scope of its liabilities, is opposable to VERNET US. Check US terms

13 - INSURANCE

Supplier shall acquire products liability insurance covering third parties, including VERNET US, whatever the basis of its liability and shall include completed goods liability specifically naming VERNET US. Supplier shall request that declaration sheets naming VERNET US as an additionally insured and indicating the nature, the amounts and the deductibles be provided on an annual basis. This insurance contract may under no circumstances be considered as a limitation of any liability incurred by the Supplier as to the order, in particular in the event of subcontracting. Supplier shall inform VERNET US of any modification, suspension or cancellation of its insurance contract. Such insurance contract shall contain a 30-day notice of cancellation clause.

14 – TRANSFER AND SUBCONTRACTING

The Supplier can transfer its contract in whole or in part or subcontract its performance or make it a contribution to an association or a company only by virtue of a prior, written authorization from VERNET US. Even if VERNET US provides this authorization, Supplier's obligations under this Agreement survive until the satisfactory and complete performance by Supplier and/or its Subcontractor within the agreed time. The contracts which the Supplier signs with its subcontractors cannot release it from the obligations incumbent on it under the order, in particular those included in the present General Terms. If a Supplier transfers or subcontracts all or part of a contract without authorization, such transfer would be in breach of this agreement and would constitute an event of default on behalf of the Supplier.

In the event that Supplier subcontracts some or all of its obligations and requests that VERNET US pay its subcontractor directly, VERNET US reserves the right to require the Supplier to deposit an amount equal to the cost of the order in escrow which may be called in at first demand to guarantee this risk, or for a delegation of

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payment to the benefit of the Supplier's subcontractor.

15 – TERMINATION OR SUSPENSION OF THE ORDER

VERNET US reserves the right to cancel or suspend the order or delivery program in the event of civil or foreign war, riots and more generally in cases of force majeure generally accepted by case law. In the event of a strike at VERNET US, VERNET US reserves the right to ask the Supplier for the suspension of the execution of the order or delivery program.

VERNET US has good grounds to cancel orders pending, without indemnity for the Supplier, in the event of liquidation, legal settlement, amicable liquidation or bankruptcy of the Supplier. This also applies to the heirs in the event of death of the Supplier, if the latter is an individual designated by name.

16 – COMPLIANCE WITH THE LAW

Compliance with Law. To the best of the Parties' knowledge, the Supplier and VERNET US are in substantial compliance with all applicable Laws, including, without limitation, those applicable to discrimination in employment, occupational safety and health, trade practices, competition and pricing, product warranties, zoning, building, sanitation, employment, retirement, labor relations, product advertising and any and all applicable Environmental Requirements. Supplier is not in default with respect to any order, writ, judgment, award, injunction or decree of any Governmental Entity or arbitrator applicable to any Supplier, any Personnel of the Supplier's respective assets, and there are no factual circumstances that are likely to result in such default. Supplier has not received any notice or other communication (whether oral or written) from any Governmental Entity or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any order to which any Supplier or any of its assets are or have been subject.

17 – GOVERNING LAW

Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana without regard to conflict of laws principles (whether of the State of Indiana or any other jurisdiction) that would result in the application of the laws of any jurisdiction other than the State of Indiana. Receiving Party hereby submits to the personal jurisdiction of any state court sitting in Indiana, or any federal court within the jurisdiction of the United States District Court for the state of

Indiana – Southern District with respect to any claim, action, suit or proceeding arising out of this Agreement (and agrees not to commence any action, suit or proceeding relating thereto except in such courts), and irrevocably and unconditionally waives the defense of inconvenient forum, or any other jurisdictional defense, to any claim under this Agreement which is brought in a court of competent jurisdiction sitting in Indiana.

18 – LANGUAGE

Language. It is the express wish of the parties that this Agreement and any related documentation be drawn up in English. *Il est de la volonté expresse des parties que cette convention ainsi que tout document connexe soient rédigés en langue anglaise.*

DD. Appendix 3: Supplier Code of Conduct (updated versions may look slightly different)



Introduction



Vernet Group is a global leader in thermostatic solutions for different markets. We take pride in contributing to global sustainability by technologies that improve quality of life for people and care for the planet.

As a company operating across cultures and traditions, in a wide range of jurisdictions with their own laws and regulations, we are dedicated to sustainable business practices.

As an important part of our journey to achieve this, we are committed to developing a culture that supports and respects global human rights, labor rights, environmental best practice and scrupulous business honesty. It follows that we expect all our employees to comply with the law and act ethically at all times.

Just as we stipulate standards of ethical practice for ourselves in a formal Code of Conduct, we have a Supplier Code of Conduct that establishes related requirements for all of our suppliers. We expect them to share our approach to ethics, human rights and environmental protection.

We believe this is essential in building and developing trusting relationships. Vernet Group is a company with strong values, high ethical standards and a reputation built on honesty and integrity. This Supplier Code of Conduct reflects Vernet Group's Code of Conduct in extending our standards of good business ethics to our supply chain.

We always expect suppliers to comply with applicable national and international laws and regulations, as well as internationally recognized human rights. We expect Vernet Group suppliers to comply with the Vernet Group Supplier Code of Conduct. This Supplier Code of Conduct is in addition to besides applicable laws and general principles of law built on the UN Guiding Principles on Business and Human Rights, the UN Global Compact and the International Labor Organization (ILO) Conventions.

Benoît HALARD
CEO VERNET GROUP

Lionel LE PLUART
Purchasing Director

We expect Vernet Group suppliers to have the necessary procedures and systems in place to comply with this Code of Conduct.



Human rights and labor practices

1 / CHILD LABOR AND EMPLOYMENT OF MINORS

Suppliers shall not recruit or employ child labor. The minimum age of workers shall be 15 years or the minimum age set by the national laws in the country of manufacturing. Employees below the age of 18 or legal minimum age, may only be employed for non-hazardous work and shall not be employed during night hours. Workers under the age of 18 may not perform work likely to jeopardize their health, safety, or education.

2 / FORCED LABOR

Suppliers must not participate in human trafficking ; use forced, involuntary, or slave labor; or purchase materials or services from companies using forced, involuntary, or slave labor. They must be able to certify that materials included in their products comply with the slavery and human trafficking laws of the country or countries in which they do business.

3 / COMPENSATION & WORKING HOURS

The supplier shall ensure that working hours, including regular working hours overtime, days of rest and breaks, are compliant to regulations in the relevant country.

Overtime hours shall be within the limits of applicable laws and regulations, or a total of 60 hours per week including both regular and overtime hours, whichever is the lesser. All persons shall be entitled to an uninterrupted weekly rest period of no less than 24 hours in the course of each period of seven days.

4 / HIRING & EMPLOYMENT PRACTICES

Suppliers' hiring practices must include verification of workers' legal right to work in the country and ensure that all mandatory documents, such as work permits, are available.

Vernet Group suppliers are expected to support diversity and equal opportunity in their workplaces. Suppliers must also prohibit discrimination based on race, color, gender, nationality, age, disability, union membership, maternity, sexual orientation, or marital status.

Human rights and labor practices

5 / HARASSMENT

Vernet Group suppliers must treat all workers with respect and dignity. They may not subject workers to corporal punishment, physical, sexual, psychological, or verbal harassment or abuse. Suppliers may not use monetary fines to discipline employees.

In addition, suppliers must provide an environment that allows employees to raise concerns without fear of retaliation. Where it is allowed by law, suppliers should have a system that allows employees to anonymously report their concerns.

6 / FREEDOM OF ASSOCIATION

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues.

However, suppliers must respect the right of workers to associate freely, form and join workers' organizations of their own choosing, seek representation, and bargain collectively, as permitted by and in accordance with applicable laws and regulations. Workers will be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

7 / WAGES AND BENEFITS

The supplier shall provide wages and benefits that comply with applicable laws and regulations and/or applicable collective bargaining agreements in the relevant country, which includes basic wages, benefits and overtime. Wages shall be paid on time and within the timeframe and form agreed, or following local laws and regulations. Deductions shall always be transparent and never used as disciplinary measures.

Health & Safety

Suppliers must provide workers with a safe and healthy work environment. They should take proactive measures that support accident prevention and minimize health risk exposure.

This includes, as a minimum, that safety incidents and accidents are recorded and that suppliers pro-actively work on reducing hazards beyond the legal obligation, if relevant, to protect the health and safety of employees.

Hazards include, but are not limited to, occupational health and safety, emergency readiness, and access to clean water, sanitation and hygiene facilities.

Environment

Suppliers are expected to conduct their operations in a way that minimizes the impact on natural resources and protects the environment, customers, and employees.

Suppliers must proactively manage their major environmental risks and most relevant aspects (e.g. materials/packaging, energy, water, emissions/effluents).

Mapping of major risks and identification of most relevant aspects should induce the implementation of actions to reduce these risks and neative environmental impacts.

They must ensure their operations comply with all laws related to air emissions, water discharges, toxic substances, and hazardous waste disposal. They must maintain sufficient knowledge of input materials and components to ensure they were obtained from permissible sources, in compliance with laws and regulations including, the prohibition and restriction of substances, including hazardous sub- stances (REACH, ROHS, IMDS, etc..)

Business ethics & integrity

1 / GIFTS & GRATUITIES

Suppliers must not offer gifts to Vernet Group employees. This includes gifts of nominal value. Although giving gifts is acceptable in some cultures, Vernet Group requests that suppliers respect its policy of not accepting gifts.

2 / IMPROPER PAYMENTS

Bribes, kickbacks, and similar payments are strictly prohibited. This ban applies even when local laws may permit such activity. Employees, suppliers, and agents acting on behalf of Vernet Group are strictly prohibited from accepting such considerations under any circumstances.

3 / FAIR COMPETITION

Suppliers will conduct their business in line with fair competition and in accordance with all applicable anti-trust laws.

4 / CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY

Proper management of confidential information is critical to the success of both Vernet Group and suppliers. Suppliers must protect all Vernet Group information, electronic data, and intellectual property with appropriate safe-guards. Any transfer of confidential information must be executed in a way that secures and protects the intellectual property rights of Vernet Group and its suppliers. Suppliers may receive our confidential information only as authorized by a confidentiality or non-disclosure agreement and must comply with their obligations to not disclose the confidential information, to not use the information except as permitted by the agreement, and to protect the information from misuse or unauthorized disclosure. Our suppliers can expect Vernet Group to similarly safeguard their confidential information when authorization is provided to Vernet Group. Suppliers may not use the VERNET, CALORSTAT and CALTHERM trademark, images, or other materials to which Vernet owns the copyright, unless explicitly authorized.

5 / MATERIAL COMPLIANCE AND CONFLICT MINERALS

Suppliers shall ensure that all goods delivered to Vernet Group comply with all applicable laws and regulations regarding the prohibition and restriction of substances, including hazardous substances and conflict minerals; and upon request and in a timely manner provide to Vernet Group relevant and reasonable information about the substances in the delivered goods.

Continuous improvement

1 / SUPPLIER MANAGEMENT SYSTEM

Suppliers are expected to have a management system that ensures they comply with applicable laws, regulations, and Vernet Group policies, conform to this Supplier Code of Conduct and identify and reduce operational risks related to this code.

The system should also promote continuous improvement and compliance with changing laws and regulations for Health, Environment and Integrity business.

2 / COMMUNICATION

Suppliers are expected to assist Vernet Group in enforcing this Supplier Code of Conduct by communicating its principles to their supervisors, employees, and suppliers.

3 / SUPPLY CHAIN TRANSPARENCY

Supply chain transparency is required to confirm compliance to this code of conduct. Upon request by Vernet Group, suppliers will provide appropriate documentation to confirm that this code of conduct is duly implemented.

Vernet Group can terminate the agreement with the supplier due to the seriousness of an issue or repeated non-compliance with the Vernet Group Supplier Code of Conduct.



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This document shall not be reproduced or disclosed to a third party without the express written consent of VERNET GROUP.

This document and its content shall not be used for any purpose other than that for which it is supplied.

The statements made herein do not constitute an offer.

They are based on the mentioned assumptions and are expressed in good faith.

Where the supporting grounds for these statements are not shown, VERNET GROUP will be pleased to explain the basis thereof.



EE. Appendix 4: PPAP Submission Requirements (PUR-F-00001)

(updated versions may look slightly different)



PPAP Submission Requirements				
Submission Level Requested				(Mark necessary box)
<input type="checkbox"/>	Level I: (PSW Only)			
<input type="checkbox"/>	Level II: (PSW, Product Samples, & Limited Data)			
<input type="checkbox"/>	Level III: (PSW with Product Samples & Complete Supporting Data)			
<input type="checkbox"/>	Level IV: (PSW & other Requirements as Specified by Customer)			
<input type="checkbox"/>	Level V: (PSW with Product Samples & Complete Supporting Data Available for Review at Suppliers Facility)			
PPAP Requirement		Required		Comments
		YES	NO	
1	Part Submission Warrant			
2	Design Record			
3	Engineering Change Documents			
4	Customer Engineering Approval (if any)			
5	Design FMEA			
6	Process Flow Diagram			
7	Control Plan			
8	Measurement System Analysis Studies			
9	Dimensional Results			
10	Material Performance Test Results			
11	Initial Process Studies			
12	Qualified Laboratory Documentation (All Accreditations must be provided both internal and external)			
13	Appearance Approval Report			
14	Sample Product			
15	Master Samples for Retention (Minimum of 3)			
16	Checking Aids			
17	Records of Compliance (REACH, RoHS, Upload IMDS)			
18	Tooling Tracking Sheet, Picture of Tooling, & Vernet Tool Identification			
This PPAP list is to be the standard minimum requirements unless otherwise specified by VERNET. Additional requirements may be needed based on customer needs and will be identified by				
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FF. Appendix 5: Part Submission Warrant (Example only)

Daimler Chrysler   Part Submission Warrant	
Part Name _____	Cust. Part Number _____
Shown on Drawing No. _____	Org. Part Number _____
Engineering Change Level REV. _____	Dated _____
Additional Engineering Changes _____	Dated _____
Safety and / or Government Regulations <input type="checkbox"/> Yes <input type="checkbox"/> No	Purchase Order No. _____ Weight (Kg) _____
Checking Aid No. _____	Checking Aid Engineering Change Level _____ Dated _____
<u>ORGANIZATION MANUFACTURING INFORMATION</u>	<u>CUSTOMER SUBMITTAL INFORMATION</u>
Organization Name & Supplier / Vendor Code _____	Customer Name/ Division _____
Street Address _____	Buyer / Buyer Code _____
City _____ Region _____ Postal Code _____ Country _____	Application _____
MATERIALS REPORTING	
Has customer-required Substances of Concern information been reported? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	
Submitted by IMDS or other customer format: _____	
Are polymeric parts identified with appropriate ISO marking codes? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	
REASON FOR SUBMISSION (Check at least one)	
<input type="checkbox"/> Initial Submission:	<input type="checkbox"/> Change to Optional Construction or Material
<input type="checkbox"/> Engineering Change (s) _____	<input type="checkbox"/> Supplier or Material Source Change
<input type="checkbox"/> Tooling: Transfer, Replacement, Refurbishment, or additional	<input type="checkbox"/> Change in Part Processing
<input type="checkbox"/> Correction of Discrepancy	<input type="checkbox"/> Parts Produced at Additional Location
<input type="checkbox"/> Tooling Inactive > than 1 year	<input type="checkbox"/> Other – please specify below: _____
REQUESTED SUBMISSION LEVEL (Check one)	
<input type="checkbox"/> Level 1 - Warrant only (and for designated appearance items, an Appearance Approval Report) submitted to customer.	
<input type="checkbox"/> Level 2 - Warrant with product samples and limited supporting data submitted to customer.	
<input type="checkbox"/> Level 3 - Warrant with product samples and complete supporting data submitted to customer.	
<input type="checkbox"/> Level 4 - Warrant and other requirements as defined by customer.	
<input type="checkbox"/> Level 5 - Warrant with product samples and complete supporting data reviewed at supplier's manufacturing location.	
SUBMISSION RESULTS	
The results for <input type="checkbox"/> dimensional measurements <input type="checkbox"/> material and functional tests <input type="checkbox"/> appearance criteria <input type="checkbox"/> statistical process package	
These results meet all design record requirements: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> If "No" - Explanation Required)	
Mold / Cavity / Production Process _____	
DECLARATION	
I hereby affirm that the samples represented by this warrant are representative of our parts, which have been made by a process that meets all Production Part Approval Process Manual 4 th Edition Requirements. I further affirm that these samples were produced at the production rate of _____/_____ hours.	
I also certify that documented evidence of such compliance is on file and available for review. I have noted any deviations from this declaration below.	
EXPLANATION / COMMENTS: _____	
Is each Customer Tool properly tagged and numbered? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	
Organization Authorized Signature _____	Date _____
Print Name _____	Phone No. _____ Fax No. _____
Title _____	E-mail _____
FOR CUSTOMER USE ONLY (IF APPLICABLE)	
Part Warrant Disposition: <input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> Other _____	
Customer Signature _____	Date _____
Print Name _____	Customer Tracking Number (Optional) _____

GG. Appendix 6: Supplier Questionnaire (PUR-F-00003) (updated versions may look slightly different)



Supplier Questionnaire

PUR-F-00003 Rev 2

Supplier Questionnaire			
Completed by:	Date Completed:		
Supplier Information:			
Name of Company:	Address:		
Primary Contact:	Commodity or Commodities Provided:		
Email:			
Phone:			
Website:			
Certification:			
Please list and provide copies of all certifications you have, including Safety, Quality, Environmental, Laboratory, etc. IATF 16949, ISO 9001, AS 9100, ISO 14001, ISO 45001, ISO 50001, NADCAP, ISO 17025, & others			
Certification	Valid Thru	Registrar	Certificate Number

Risk			
D-U-N-S #:		D-U-N-S Rating:	
VAT #:		Parent Company Y?N)?	
Does Supplier have Liability Insurance (Y,N)?		Parent Name:	
Liability Coverage Amount / Review Onsite		Insurance Certificate #	
Does Supplier have a Contingency Plan (Y/N)?			
Contingency Plan Topic	Included in Contingency Plan	Notes	
IT / Cybersecurity			
Personnel			
Pandemic / COVID			
Logistics			
Safety			
Supplier Capabilities			
Topic	Capable Y/N?	Topic Information	Notes
Design Capable?		Design Software used?	
Tool Design Capable?		Where is Tooling made?	
Maintenance Program?		Maintenance System / KPIs's?	
Critical Equipment Tool List?		Established or part of APQP?	
APQP Process / Documents?		Method / Software used?	
DFMEA / PFMEA?		VDA/AIAG Software?	
SPC?		Chart Type / Rules used?	


Capacity and Equipment				
Employees			Capacity	
Shifts			Days per week working:	
Does Supplier have equipment to manufacture components Y/N?				
Does Supplier have gaes /testing to measure components Y/N?				
Does Supplier Make a Similar Part?			What Materials?	
Customers and Sales				
What industries are Supplied?				
Top Customers?				
Tier 1 Automotive Y/N?			Tier 1 Aerospace Y/N?	
Sales % by Industry	Industry	Percent	Industry	Percent
	Industry	Percent	Industry	Percent
Quality and Delivery Performance				
Data	Year			Delivery
	PPM			Line Shutdowns
	Year			Delivery
	PPM			Line Shutdowns
Safety Performance				
Data	LTA's			Incidents
	Delivery			Line Shutdowns

Supplier Key Contacts				
Name	Phone	Email	Position	Contact Type
				President
				Top Manager
				Purchasing
				Quality
				Sales
				After Hours

Review Summary	
Review Conducted by / Title?	
Method of Review (Onsite Visit, Virtual, Self Assessment)	
Notes	

Review Summary				
Revision Number	Section Changed	Revised By:	Modifications	Date
1			Initial Creation	
2			Slight updates to form	8/19/2024

II. Appendix 8: 8D Report Form (QA-F-00020) (updated versions may look slightly different)



8D Report Form

QA-F-00020 Rev 10

Step	Action		Part Number:			Response Due Dates: Original complaint within 24 hours. Step 3 within 3 days, Steps 4 & 5 within 10 days.				
	0	1	2	3	4	5	6	7	8	
Step	0	1	2	3	4	5	6	7	8	
Action	Planning	Establish the Team	State the Problem	Containment Plan	Root Cause Analysis	Corrective Actions	Implement Corrective Actions	Prevent Recurrence	Recognize Team Efforts	
0	Planning Stage		Is an Emergency Response Action Needed?							
			What	Who	When					
1	Establish the Team		Team Goals:							
			Team Objectives:							
			Department	Name	Skills	Responsibility				
2	State the Problem				Sketch/Photo of the problem					
	Problem Definition:									
	Part Number(s):									
3	Containment Plan		Develop Interim Containment Actions							

8D Report Form

4	Root Cause Analysis	Identify and Verify Root Causes (RCA) Use one of the processes below (attach as necessary)							
	Cause Effect Diagram								
Five Why Analysis									
1. Why was this made?					1. Why was this shipped?				
2. Why?					2. Why?				
3. Why?					3. Why?				
4. Why?					4. Why?				
5. Why?					5. Why?				
5	Corrective Actions	Identify Permanent Corrective Actions (PCAs)							
	Actions								
	Action #	Corrective Action	How Verified	Action	Who	Due Date	Date Completed	Status	



8D Report Form

QA-F-00020 Rev 10

6	Implement Corrective Actions	Implement and Verify the PCAs		
		Action Item	Date Complete	Date Verified
7	Prevent Recurrence	Globalize to Similar Processes or Systems		
		Process/Item	Who?	When?
	Review Documents and Systems - Cells must be reviewed and updated as applicable.			
	Evidence of completion may be required.			
	Document	Who?	Planned Completion	Actual Completion
	Management System Manual			
	Manufacturing Work Instructions			
	Inspection Work instructions			
	Process Flow Charts			
	Process Control Plans			
	Design FMEA			
	Process FMEA			
	Gage			
	PPAP			
	Engineering Change Approval			



8D Report Form

QA-F-00020 Rev 10

8	Recognize Team Efforts	Honor the Team		
	Was the problem solving exercise effective? Has it been verified with follow-up?			
	Ver/Ha	Signature / Title / Date	Finding	
VERNET USE ONLY				
Reviewed By: _____		Date Reviewed: _____		
Accept	Reject	Circle or highlight one:		
Comments:				
Revisi on Numb	Secti on Chan	Revised By:	Modifications	Date:
1			Initial Creation	7/2/2001
8	All	Shelby Kushner	Updated to new template	4/2/2018
9	All	David Hunsucker	Updated to new template	3/26/2022
10	All	Angela Bridgewater	Revised the 8D. Updated to new document numbering. Obsolete QA/F 012 (RFA 062-24)	7/31/2024
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JJ. Appendix 9: Supplier Report Card (QA-F-00004) (updated versions may look slightly different)


 VERNET US Supplier Report Card
 Quality and Delivery

PUR-F-00004 Rev 1

VERNET US SUPPLIER REPORT CARD Quality and Delivery						
SUPPLIER INFORMATION:					PURCHASED COMPONENTS/MATERIALS (Vernet P/N)	
Name:						
Location:						
Commodity:						
Automotive Vendor (Y/N):						
CATEGORIES	Qtr # 1 Year	Qtr # 2 Year	Qtr # 3 Year	Qtr # 4 Year	SUPPLIER SCORING LEGEND	
QUALITY SYSTEM REGISTRATION (Major)					Score	Quality System Registration Scoring
QUALITY					10	ISO9001, ISO14001, IATF16949
A. Product Quality (Major)					7	ISO9001
0-50 PPM to Vernet US					4	Score > 80% on Quality Survey
51-500 PPM to Vernet US						Major Category Scoring
501-1000 PPM to Vernet US					10	Excellent
>1,000 PPM to Vernet US					7	Satisfactory
B. Supplier Corrective Action Required (Minor)					3	Deficiencies
No SCAR in the part 2 Quarter					0	Unacceptable
No SCAR in the part Quarter						Minor Category Scoring
SCAR within Quarter, our Customer not affected					5	Excellent
More than 1 SCAR or Customer affected					3	Satisfactory
DELIVERY					1	Deficiencies
A. On-Time Deliveries (Major)					0	Unacceptable
100% On-Time for the Quarter						Vernet US expects the following:
95-99% On-Time for the Quarter					1	Requires 100% On-Time performance
85-94% On-Time for the Quarter						On-Time delivery defined as +2 days early / 0 days late of due date.
<85% On-Time for the Quarter					2	Suppliers identified as Automotive should adopt IATF compliance
B. Delivered Product Quantity / Disruption (Minor)						as the basis of their internal quality systems.
Correct quantity					3	Suppliers shall maintain 80% minimum report card status
Over/Under ship quantity						to remain as an approved Supplier.
VUS forced to Expedite or Disruption to Production					4	Approved Suppliers receive preference
Shutdown at Vernet US or Customer Facility						on new business and participation in new product development.
C. Packaging, Labels & Documents (Minor)						Action Items for Improvement:
Correct for part 2 Quarter						Based on the Report Card Score, the following Action Items need to be
Correct for part Quarter						addressed and submitted to Vernet US for evaluation within 30 days
One NCRMA (Non-Conforming Material Alert) issued					1	No action required for the quarter.
Multiple NCRMA's issued					2	
Communication / Cust Service / Quality (Minor)						
On-Time Response for part 2 Quarter						
On-Time Response for the Quarter						
One Late Response						
Multiple Late Response						
TOTAL POINTS (50 POSSIBLE)	0	0	0	0		
QUARTERLY ASSESSMENT (%)	0.0%	0.0%	0.0%	0.0%		

KK. Acknowledgement of Acceptance for SQM Rev 8

- After reading the Vernet US Supplier Manual, please fill out and return the following page to acknowledge you have read and understand the requirements.



ACKNOWLEDGEMENT OF RECEIPT

QA-WI-00004
Revision 8

SUPPLIER

Name (in full):

Address:

*The above company has read and understands the "Supplier Quality Manual"
Vernet US QA-WI-00004 Rev 8 / Dated January 13, 2025*

By initialing below, you take responsibility for the contents of this manual

Sales Manager

Quality Manager

Date:

Date:

Printed Name:

Printed Name:

Initials:

Initials:

NOTES

7. Reason for Change / Motivo del Cambio:

Revision Number:	Section Changed:	Revised By:	Modifications:	Date:
1			Transferred and updated for Vernet	5-31-2018
2			Updated with some FR requirements	12-11-2018
3			Updated for more global similarities	2-18-2019
4			Updated to mention AS9100	9-9-2020
5			Updated to include AS 8.4.3 requirements	11-13-2020
6			Updated retention period	9-17-2021
7	All	Angela Bridgewater Shane Shoop Alexandre Raphalen Stephanie Schrougham	Adopted the France version. Updated it to be more accurate to the US way. Updated to the new document numbering. Obsolete old document number VQM 008 (RFA 066-24)	8-31-2024
8	All	Angela Bridgewater Heather Lyon Alexandre Raphalen Stephanie Schrougham Terry Glover	Revamped the manual to include more items from the obsoleted VQM 008. This included more items from the AS standard based off the AS Audit Nonconformance CAR 24146 (RFA 003-25)	1-13-2025

8. Approved By / Aprobado Por:

Revision Number:	Name:	Title:	Date:
7	Shane Shoop Alexandre Raphalen	Purchasing Manager Quality Manager	8-31-2024
8	Heather Lyon Alexandre Raphalen	Purchasing Manager Quality Manager	1-13-2025

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