

MANUAL

Cebi Group Supplier Manual

CODE	GROUP-OP-QUAL-SUP-MAN-001	
VERSION	V6.1	02/10/2024
STATUS	Approved	
AUTHOR	Omaima Naime	
CONTRIBUTOR(S)	Eugenio Bello, Javier Olloqui	
DEPARTMENT	Quality	
COMPANY ISSUER	Cebi International, Steinsel	
APPLIED TO (SCOPE)	Cebi Group	
LANGUAGE	English	
REVIEWER(S)	Smain Boucetta	02/10/2024
APPROVER	Smain Boucetta	03/10/2024
EFFECTIVE DATE	03/10/2024	
CONFIDENTIALITY LEVEL	Public	

CHANGE HISTORY:

VERSION	DATE	AUTHOR	CHANGE
1.0	13-Apr-23	Victor XING	Document Creation
2.0	25-Jul-23	Omaima NAIME	Additional requirements to Audit (Chapter 2.3) and PPAP (Chapter 3.2)
3.0	21-Aug-23	Smaïn BOUCETTA	Additional requirements to Corporate Social Responsibility (Chapter 6.2)
4.0	11-Dec-23	Omaima NAIME	8D requirements (Chapter 5.2)
5.0	8-Feb-24	Smaïn BOUCETTA	Additional requirements to Corporate Social Responsibility (Chapter 6.2)
6.0	3-Apr-24	Omaima NAIME	Additional requirements to Corporate Social Responsibility (Chapter 6.2 & 6.3)
6.1	2-Oct-24	Omaima NAIME	Clarification of basic requirement in case of new supplier (Chapter 2)

APPENDICES:

CODE	NAME	VERSION
GROUP-OP-QUAL-SUP-MAN-001-A1	Appendix 1: CEBI Contact	V1.0
GROUP-OP-QUAL-SUP-MAN-001-A2	Appendix 2: CEBI Supplier performance monitoring	V3.0
GROUP-OP-QUAL-SUP-MAN-001-A3	Appendix 3: Escalation process	V2.0
GROUP-OP-QUAL-SUP-MAN-001-A4	Appendix 4: Supplier Questionnaire	V1.0
GROUP-OP-QUAL-SUP-MAN-001-A5	Appendix 5: CEBI Code of Ethics	V1.2
GROUP-OP-QUAL-SUP-MAN-001-A6	Appendix 6: Self-Assessment_MAQMSR & ISO 14001_15 questionnaire	V1.0



TABLE OF CONTENTS

1.	PURPOSE AND SCOPE	5
1.1.	INTRODUCTION	5
1.2.	SCOPE	5
1.3.	PURPOSE	6
1.4.	REQUIREMENTS	6
1.4.1.	<i>CEBI REQUIREMENTS IN SUPPLIER RELATIONSHIP</i>	6
1.4.2.	<i>SUPPLIER FINANCIAL EVALUATION</i>	7
2.	BASIC REQUIREMENT	7
2.1.	QUALITY MANAGEMENT SYSTEMS	8
2.1.1.	<i>QUALITY CERTIFICATION</i>	8
2.1.2.	<i>ENVIRONMENTAL MANAGEMENT SYSTEM</i>	9
2.1.3.	<i>PERIODIC ASSESSMENT OF THE SUPPLIER</i>	9
2.2.	CONTINGENCY PLANS FOR DISASTER RECOVERY AND BUSINESS CONTINUITY	10
2.3.	AUDIT	11
2.3.1.	<i>EXTERNAL AUDIT (LEAD BY CEBI OR THIRD PARTY)</i>	11
2.3.2.	<i>INTERNAL AUDIT ON SUPPLIER PERMISE</i>	12
2.4.	TRAINING.....	13
2.5.	DOCUMENT AND PRODUCT SAMPLE RETENTION.....	14
2.6.	SHIPPING AND REPLENISHMENT PERFORMANCE.....	14
2.7.	INFORMATION TECHNOLOGY SECURITY	14
2.7.1.	<i>CONFIDENTIALITY</i>	15
3.	DEVELOPMENT PHASE	15
3.1.	APQP.....	15
3.2.	PRODUCTION PART APPROVAL PROCESS (“PPAP”).....	16
3.2.1.	<i>GENERAL</i>	16
3.2.2.	<i>PPAP BASIC REQUIREMENT</i>	16
3.2.3.	<i>Sub-Supplier Management</i>	17
4.	SERIAL DELIVERIES	17
4.1.	PLANNING AND REALIZATIONS OF DELIVERIES (REFER TO SECTION 8.5.1.7 OF IATF 16949:2016)	17
4.2.	CHANGE MANAGEMENT.....	18
4.3.	SPECIAL CHARACTERISTICS.....	19
4.4.	PRODUCT SAFETY, PRODUCT LIABILITY	20
4.5.	WORK INSTRUCTIONS (REFER TO SECTION 8.5.1.2 OF IATF 16949:2016).....	20
4.6.	IDENTIFICATION AND TRACEABILITY	20
4.7.	SUPPLIED PARTS QUALIFICATIONS	21
4.8.	CUSTOMER- APPROVED SOURCES (REFER TO SECTION 8.4 OF IATF 16949:2016)	21
5.	SUPPLIER INCIDENT MANAGEMENT	21
5.1.	SORTING ACTIVITY/NON-COMPLAINEE MANAGEMENT	21
5.2.	PROBLEM SOLVING / ACTIONS AFTER CLAIM	22
5.3.	CONTAINMENT	23
5.4.	SUPPLIER WARRANTY	23
5.5.	ESCALATION PROCESS	24
5.6.	CHARGEBACK	25
6.	ADDITIONAL REQUIREMENT	26
6.1.	HANDLING, STORAGE, PACKAGING	27



6.2.	CORPORATE SOCIAL RESPONSIBILITY	27
6.2.1.	<i>HUMAN RIGHTS AND LABOR STANDARDS</i>	28
6.2.2.	<i>FORCED LABOR, HUMAN TRAFFICKING AND SLAVERY</i>	28
6.2.3.	<i>PROTECTION OF LOCAL COMMUNITIES AND INDIGENOUS PEOPLES</i>	29
6.2.4.	<i>CHILD LABOR</i>	30
6.2.5.	<i>WAGES AND BENEFITS</i>	30
6.2.6.	<i>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</i>	31
6.2.7.	<i>NONDISCRIMINATION</i>	31
6.2.8.	<i>HEALTH AND SAFETY / WORKING ENVIRONMENT</i>	31
6.2.9.	<i>ENVIRONMENT</i>	31
6.2.10.	<i>BRIBERY AND CORRUPTION</i>	32
6.2.11.	<i>PRIVACY AND DATA PROTECTION</i>	32
6.2.12.	<i>FAIR COMPETITION AND ANTI-TRUST</i>	33
6.2.13.	<i>PROTECTION OF INTELLECTUAL PROPERTY</i>	33
6.2.14.	<i>SANCTIONS</i>	33
6.2.15.	<i>ARTIFICIAL INTELLIGENCE</i>	33
6.2.16.	<i>ANIMAL PROTECTION</i>	34
6.2.17.	<i>CONFLICTS OF INTEREST</i>	34
6.2.18.	<i>WHISTLEBLOWING AND PROTECTION AGAINST RETALIATION</i>	34
6.2.19.	<i>CASCADING IN THE UPSTREAM SUPPLIER MANAGEMENT</i>	35
6.3.	VIOLATION REPORTING AND HANDLING	35
6.4.	RESTRICTED AND DECLARABLE SUBSTANCES	36
6.4.1.	<i>COMPLIANCE WITH LOCAL LAWS AND REGULATIONS</i>	36
6.4.2.	<i>INTERNATIONAL MATERIAL DATA SYSTEM (IMDS)</i>	36
6.4.3.	<i>REACH AND RoHS</i>	36
6.4.4.	<i>RESPONSIBLE SOURCING OF RAW MATERIALS FROM CONFLICT AFFECTED AND HIGH-RISK AREAS (CAHRAS)</i>	36

1. PURPOSE AND SCOPE

1.1. INTRODUCTION

Since 1976, CEBI Group has been manufacturing electromechanical products for the automotive and household appliance industries. CEBI product range covers components for temperature control and micro motors such as temperature sensors, fan motors, actuators for various applications or DC and gear motors. CEBI is the worldwide leader in automotive washer systems including pumps and various components and are the European leader in the temperature sensor and closing mechanism markets. For more information, visit CEBI Site: <https://www.cebi.com/>

With more than 3000 employees worldwide, CEBI Group has set up 11 production plants in 8 different countries. To facilitate relationships with our customers and to ensure global sales coverage, CEBI has also established sales offices all over the world. CEBI's headquarter (CEBI International S.A.) is located in Luxembourg.



By investing considerably into the development of new technology, CEBI has always placed innovation, automation and technology at the center of its strategy to produce electromechanical components for the automotive industry, household appliances, e-mobility applications and industrial applications.

1.2. SCOPE

CEBI long standing experience derive from the passion combined with the knowledge accumulated all these years, which enable their experts to develop high quality products to exceed customers' requirements.

This manual has been developed to communicate the operating principles, general expectations, requirements it applies globally to all CEBI Group manufacturing and parts distributions locations that are involved in the purchase of products and services for use internally or resale, and procedures of CEBI Group companies.

CEBI values the relationship with its supplier since they play a crucial role in the product life cycle and have direct impact to the quality of the final product.

1.3. PURPOSE

The purpose of the Global Supplier Quality Manual is to communicate CEBI requirements to our suppliers. CEBI expects this manual to provide the foundation for our working relationship with our Suppliers.

This Global Supplier Manual specifies the basic requirements for quality, environmental and ethic management of CEBI group companies (later only called "CEBI") toward its suppliers. By fulfilling quality and environmental requirements and through continuous improvements in all areas of the company, customer satisfaction and economic success should be ensured.

As part of its quality management, the supplier shall carry out advanced quality planning, quality control, quality assurance and continuous improvement in line with CEBI requirements in order to achieve the highest level of product and process quality. To ensure this, all deliveries and services within the supply chain must fully comply with agreed the CEBI general purchasing terms and conditions agreements and all legal requirements.

The requirements listed in this manual and its appendices are in line with the OEM requirements. They can therefore be used as "customer specific requirements" with which suppliers must be agreed.

1.4. REQUIREMENTS

In this manual, the terms "shall" and "must" mean that the described action is mandatory; "should" means that the described action is necessary and expected with some flexibility allowed in the method of compliance; and "may" means that the described action is permissible or discretionary.

The Terms and Conditions of Purchase ("Terms") shall govern buyer's purchase orders, delivery releases and all future transactions with supplier. By accepting receipt of these terms and/or by fulfilling our purchase order ("Order") without objection, supplier declares its agreement to their applicability for the purchase of goods and/or services ("Supplies"), including service parts.

1.4.1. CEBI REQUIREMENTS IN SUPPLIER RELATIONSHIP

CEBI expects to enhance our strategic advantage with our growing customer base by consistently demonstrating a best cost position through a commitment to commercial openness, a competitive cost structure, and a customer-oriented footprint throughout our

supply chain. CEBI's strength lies in our approach to knowledge based sourcing: emphasis on continuous improvement and full supplier engagement in the process and identification of innovative differentiators and unique value that leverages both CEBI and supplier capabilities. Understanding CEBI and its customer specific requirements and expectations is essential to our collective success.

The supplier is required:

- To deliver to CEBI a list of contact details of persons responsible for key areas related to customer service: sales, logistic, quality, finance as well as contacts in event of the need of problem escalation.
- To designate a unique person of contact in case of product quality or safety issues. These contact details have to be communicated to CEBI through the Supplier profile (Appendix 1), and shall be updated, if applicable, at supplier initiative.
- In between CEBI and supplier, the official written communication language shall be English.
- To participate to cost reduction and continuous improvement plans.

1.4.2. SUPPLIER FINANCIAL EVALUATION

For the financial evaluation according to IATF16949 (refer to section 8.4.1) the supplier is obliged to undertake the provision of the financial statement of the last 3 years. This document shall be submitted to CEBI as soon as the financial close of the previous year has been finalized without any further request from CEBI.

The results will be included in the SUPPLIER evaluation.

2. BASIC REQUIREMENT

Below are the qualification criteria to become a CEBI global approved supplier and be considered in our global sourcing strategy. This applies to new and existing suppliers:

- Minimum ISO 9001:2015 quality system certification with a time plan to evolve to IATF 16949:2016 quality system certification and Automotive MAQMSR requirements [IATF Supplier minimum requirement](#)
- VDA 6.3 process audit with "B" grade level.
- Not on any escalation status under CEBI performance monitoring.
- Good English communication skills particularly in Sales, R&D, Quality and Logistic Departments.

In case of new suppliers, the following points needs to apply:

- Appendix 4 - Supplier Questionnaire proper compilation.
- Minimum ISO 9001:2015 quality system certification with a time plan to evolve to IATF 16949:2016 quality system certification and Automotive MAQMSR requirements [IATF Supplier minimum requirement](#)
- Good English communication skills particularly in Sales, R&D, Quality and Logistic Departments.

In this initial phase, VDA Potential Analysis is recommended to assess the potential capacity of Suppliers.

All suppliers shall adhere to the requirements of the applicable automotive standards, Customer Specific Requirement (available on IATF web site: [Customer-Specific-Requirements](#)) and the requirements stated in the CEBI Global Supplier Manual.

2.1. QUALITY MANAGEMENT SYSTEMS

2.1.1. QUALITY CERTIFICATION

Based on current performance and the potential risk to customers, the objective is to move suppliers through the following QMS development (IATF 16949:2016 Chapter 8.4.2.3):

- Certification to ISO 9001:2015 through third-party audits; unless otherwise specified by the customer, suppliers to the organization shall demonstrate conformity to ISO 9001 by maintaining a third-party certification issued by a certification body bearing the accreditation mark of a recognized IAF MLA (International Accreditation Forum Multilateral Recognition Arrangement) member and where the accreditation body's main scope includes management system certification to ISO/IEC 17021;

Note: The IATF 16949 core elements must be incorporated in the quality system. The core elements of APQP, PPAP, FMEA, MSA, & SPC are available at [AIAG.org](#) Suppliers are expected to have core elements in their QMS.

- Certification to ISO 9001 with compliance to IATF 16949 through second-party audits or third party audits;
- Certification to IATF 16949 through third party audits (valid third-party certification of the supplier to IATF 16949 by an IATF-recognized certification body).

All renewal certificates must be submitted to Supplier Quality Department of CEBI before the expiration date of the certificate. Failure to submit certificates or valid transition timelines will have a negative impact on the supplier's scorecard and may jeopardize future business.

CEBI may verify the suppliers manufacturing site for compliance to these standards by performing an audit by a supplier quality engineer (SQE).

CEBI and its customers may audit the quality system, of the delivered product to Cebi, and its process of the supplier with agreed advance notice.

2.1.2. ENVIRONMENTAL MANAGEMENT SYSTEM

The supplier shall take responsibility to ensure compliance to all relevant environmental legislation that has to be applicable to the regions in which goods are produced as well as sold. The compliance shall also cover all additional requirements from OEMs including, when required, investigations within the supply chain to assure that all requirements are met and communicated effectively.

Feedback from the supplier applies to all sites of the supplier organization and shall be communicated internally as such. In this regards, supplier should develop relevant environmental procedure. CEBI encourages its suppliers to develop a certification plan along the lines of the ISO 14001:2015 standard or registration to EMAS. This plan shall be communicated to CEBI.

CEBI respects the needs and concerns of the communities in which we live and work. Our products, services, and manufacturing methods reflect this concern.

Suppliers to CEBI shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environmental protection, use of toxic and hazardous materials, and free trade. Suppliers must recognize that the applicable regulations might include those in the country of manufacture, as well as the country of sale. Registration to ISO14001 (Environmental Management System) and ISO 45001 (Health and Safety Management System) is strongly recommended.

CEBI and its suppliers are responsible for health and safety of their employees. Work processes and policies must be designed and implemented to minimize risk. Suppliers must routinely review and improve workplace conditions to ensure a safe and healthful workplace and report unsafe working conditions anywhere in the world to supervisors and management.

Furthermore Cebi encourages his supplier to reduce their impact on the environment by reducing CO₂ emissions, energy consumptions, the use of recycled material and renewable energy.

2.1.3. PERIODIC ASSESSMENT OF THE SUPPLIER

The quality of the supplies and the service provided to CEBI determines the assessment of the Supplier, formalised in a supplier performance monitoring indicator (Appendix 2) which takes into consideration:

- The quality level;
- The delivery service level;
- The soft criteria.

Basing on the amount of awarded points the supplier is qualified to one of the following categories:

- Category A, Reliable supplier

- Category B, Valid supplier
- Category C, Critical supplier

Suppliers performance will be evaluated every month (see Appendix 2). The Supplier performance results are made available. In case of deviation of the supplier performance, CEBI will contact the supplier before the annual deadline.

2.2. CONTINGENCY PLANS FOR DISASTER RECOVERY AND BUSINESS CONTINUITY

Suppliers shall implement a Risk Management and Contingency Plan for potential catastrophes or work interruptions that would interrupt the supply of their product to CEBI. This Contingency Plan shall comply with IATF 16949:2016 requirement (refer to section 6.1.2.3) and include at a minimum contingency plans to address interruptions due to material supply, transportation, computer, personnel or sub-supplier issues.

The Contingency Plan should take a proactive approach:

- The Contingency plan is needed for recurring natural disasters such as earthquake, flooding, Cyclone, Fire, regional shutdowns due to COVID-19 virus
- The Contingency plans have to be provided for
 - a. Infrastructure (such as Building, Material handling equipment, IT infrastructure...)
 - b. Utilities such as compressor, Transformer, Cooling tower
 - c. Labor shortage may be caused by holidays, strike etc.
 - d. Possible disruptions from employee health and safety requirements
 - e. Cyber-attacks (how the continuity of production and supply will be ensured)
 - f. External providers (including suppliers for raw materials & bought out items, process suppliers e.g. for surface treatment, service suppliers such as Logistics service providers)
- The contingency plans must include a process for notifying clients and other stakeholders, including those responsible for the client relationship as well as when and how they should be informed
- The Contingency plan has to be tested periodically to assure that it will work for a given situation and to identify potential gaps
- The Contingency plans shall be assessed at least annually
- The Contingency plans shall include the provisions to validate manufactured product meets customer specification after the restart of production following emergency.

- The Contingency Plan must be in place for all manufacturing sites and operations involved in producing and shipping product to CEBI. Supplier must immediately notify CEBI of the course of action during any period of actual interruption.

2.3. AUDIT

2.3.1. EXTERNAL AUDIT (LEAD BY CEBI OR THIRD PARTY)

CEBI reserves itself the right to carry out audits of the supplier's process and quality management system according to VDA 6.3:2023; ISO 9001:2015, ISO 14001: 2015, IATF 16949:2016, during working hours and providing notice. This rule should also be extended to sub-suppliers of the supplier and all new potential suppliers, in this case a VDA 6.3 Potential Analysis must be conducted when required or recommended by Cebi or Cebi Customer's.

Audits at supplier premises may be performed for following reasons:

- Implementation as new supplier
- Changes of production site
- Taking over of new business
- Process changes
- Within APQP process
- Improvement of supplier performance
- In case of major incident
- To avoid any shortages for CEBI
- Environment Ethical Rules

CEBI can also hire a third party to carry out an audit on its behalf. Auditor may inform in advance about the date and scope of each audit. The supplier has to prepare proper processes and areas to the planned audit. VDA 6.3 Process Audit may be conducted based on supplier performance issues.

The following items could be analyzed within the VDA 6.3 Audits:

- The application of the quality management system requirements
- the production process for the products purchased by CEBI: in this case, the quantity of pieces must be significant, so as to be able to assess the production under series conditions (Run & Rate)
- The technical documentation relating to the product qualification during the PPAP
- The inventories and the logistical management of the product purchased by CEBI

In case of non-conformity identified by the auditor during the audit, the supplier has to establish and provide a formal corrective action plan within 14-days after reception of the audit report.

CEBI reserves also the right to charge the supplier for any additional expenses, which results out of an unacceptable audit score level (Supplier category C based on VDA 6.3). The related cost will be clearly communicated through CEBI Purchasing Department. The supplier will be notified in advance.

If the action plan is not closed on time, it will impact CEBI's assessment of the supplier. Please refer to Appendix 2 - CEBI Supplier Performance Monitoring for more details.

2.3.2. INTERNAL AUDIT ON SUPPLIER PERMISE

To be able to assess and improve the quality capability of various divisions, the supplier must carry out regular audits in accordance with the requirements of IATF 16949: 2016 and according to VDA6.3 or any other management system (e.g.: ISO 14001: 2015)

Some OEM's/customers also require CEBI plants and their suppliers to conduct additional self-manufacturing process or self-environment process audits (see Appendix 6 - Self-Assessment_MAQMSR & ISO 14001_15).

Such audits will be in accordance with customer specific requirements and using specific criteria. The supplier will be required to retain and present evidence of such audits upon request.

Suppliers of certain products must carry out a D/TLD self-audit at least once a year based on formula Q-capability for scopes of deliveries marked as D parts. The indication of D parts is always specified on the drawing. The results of the D/TLD audits must be archived for at least 15 years after the end of serial production. CEBI shall communicate such requirements to the Supplier.

In addition, Suppliers of certain products or processes shown in *Table 1.1* (below) are required to comply with automotive industry specific requirements, guidelines, and assessments. CEBI shall communicate such requirements to the supplier. CEBI requires its suppliers to perform and retain these self- assessments annually, and to make available such self-assessments upon request of CEBI.

Note: These special processes requirements apply to the supplier and the sub-supplier of these processes regardless of where they reside in the CEBI supply chain.

If required during the QAP/APQP process suppliers shall comply with the requested AIAG standards related to special processes, for example the Special Process Annual CQI Audits/Assessments include but may not be limited to:

Table 1.1 - Full list of all AIAG CQI standards can be found and purchased at www.aiag.org

CQI-9	Special Process: Heat Treat System Assessment	Processes affected include: Sintering, Brazing, Normalizing (using heat), Stress Relieving, Annealing, Induction Heat Treatment, Carburizing, Carbon Correction, Neutral Hardening, Quench and Temper, Austempering, Martempering, Tempering, Precipitation Hardening/Aging, Nitriding, Ferritic Nitrocarburizing, Aluminium Treat Treatment.
CQI-11	Special Process: Plating System Assessment	Processes affected include: Zinc Plating, Zinc Alloy Plating, Decorative Plating, Surface Conditioning of Metals for Decorative Plating, Surface Conditioning of Plastics for Decorative Plating, Mechanical Plating (all copper, silver, gold, aluminium, passivation) and any and all metal plating addition processes
CQI-12	Special Process: Coating System Assessment	Processes affected include: Phosphating, Anodizing, Powder Coating, Electrocoat (E-Coat), Spray, Dip/Spin, Autophoretic, Conventive Paint Cure, Aqueous Cleaning, Mechanical Cleaning.
CQI-15	Special Process: Welding System Assessment	Processes affected include: Arc Welding, Resistance Welding. Laster Welding, Solid State Welding. Does not include plastics Ultrasonic Welding.
CQI-17	Special Process: Soldering System Assessment	Processes affected include: Any use of electrical soldering processes, including the processes of conformal coating or wiring gluing / staking of PCB's
CQI-23	Special Process: Molding System Assessment	Processes affected include the use of any thermoplastic, thermoset plastic or rubber and it's derivatives that utilize the following: Injection Molding, Extrusion, Compression Molding, Vacuum Forming, Transfer Molding, or Blow Molding.

2.4. TRAINING

The supplier's personnel performing specific assigned tasks shall be qualified based on appropriate education training, and/or experience as required. Training records for all employees shall be maintained in accordance with a documented training procedure. Training effectiveness shall be practically reviewed by the supplier using various methods, such as pre- and post-testing and audits/appraisals of performance, as necessary (Refer to chapter 7.2.2 of IATF 16949: 2016)

In case of quality assurance problems while fulfilling the requirement from the quality management system or other quality standards, CEBI may support the supplier concerning training or by referring him to possible training courses. CEBI may also request training sessions for the supplier if he is unable to fulfill the requirement from the quality management system.

2.5. DOCUMENT AND PRODUCT SAMPLE RETENTION

Documents, records, data and reference- or master-samples that are elements of the PPAP submission, must be maintained for the length of at least one year after the discontinuation of the delivery of the product to CEBI for mass production and service part demands (refer to section 7.5.3.2.1 of IATF 16949:2016).

Records of the mass production phase of the delivered product e.g. test charts, control cards, measurement reports have to be maintained for the length of at least one year after the delivery of the product, to which the records belong.

Quality records for critical characteristics shall be retained for 30 years from the date of creation (according to the VDA 1 standard).

The required quality documents and quality records must be maintained for the length of at least 10 years after the discontinuation of the delivery of the product to CEBI for series and spare part demands by CEBI and subsidiaries.

CEBI requires record retention duration for minimum “life of program” plus additional period of time in line with statutory, regulatory and customer requirements. Records related to nonconforming product for trend analysis and problem identification shall also be maintained. This requirement also applies to any supplier’s sub-supplier. Additional record retention requirements can be referenced by AIAG, VDA or ISO 9001 and/or IATF16949 (latest editions).

2.6. SHIPPING AND REPLENISHMENT PERFORMANCE

The standard for CEBI suppliers is 100% on time arrival of all parts required by the CEBI manufacturing site. This means shipping the correct quantity of the correct product to the correct location according to the designated replenishment method. It is mandatory that the supplier contact the CEBI plant immediately upon recognition of an issue if the release schedule cannot be met. The supplier shall have a process in place to ensure that any potential problems that could impact the CEBI operations are communicated as soon as they are identified. Differences shall be resolved with appropriate CEBI contact prior to shipment time.

Note: CEBI's various subsidiaries may implement specific requirements for labelling and goods packaging based on their own specifications. CEBI's subsidiaries are allowed to add their local appendices for their supplier’s network.

2.7. INFORMATION TECHNOLOGY SECURITY

Suppliers should have appropriate measures and controls related to Information Technology Security. Suppliers shall periodically review and update such measures and maintain the same in accordance with no less than industry-standard methods of protection such as ISO/IEC 27001 (Information Security Management System), ISO/IEC 27002 (Code of Practice for Information Security Domains and Controls) or TISAX. Suppliers shall implement adequate

and appropriate technical and organizational security measures designed and necessary to secure mutual information assets against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access.

The following items shall be analyzed:

- Information security controls to protect against threats on supplier computer network and of business information, within communication platforms -- such as email and business information exchange portals -- and to prevent damage to their company and customers and third-party information.
- Implemented controls to protect personal and confidential information of employees, customers and third parties.
- Information Technology (IT) security policies, procedures and standards are in place and provided to employees in the form of training. Information technology (IT) security Training and Awareness to employees regarding cyber security awareness and employee safe practices to protect against modern cyber threats and risks.
- A system is in place to identify the abuse of Information Technology (IT) including improper access, tampering or altering of business data. All system violators must be subject to appropriate actions for abuse
- Management and Protection of Confidential and Personal Information: Suppliers should have appropriate measures and controls related to Management and Protection of Confidential and Personal Information.
- Management and protection of company's confidential information such as trade secrets and use such information in an appropriate manner.
- Verification of the permissible scope of use and other conditions concerning confidential information and the use of it only within the scope allowed, while maintaining its confidentiality and not infringing upon the rights of the other companies.
- Accessibility to personal information concerning employees, customers and business partners only by legitimate means.

2.7.1. CONFIDENTIALITY

The suppliers need (for tools, prototypes, engineering services, checking fixtures and IT-service undertake) to comply with the information security requirement in accordance with VDA ISA (Information Security Assessment) referencing the ISO 27001 standard in their company. This must be proven by a Non-Disclosure Agreement (NDA) should be signed between CEBl and supplier which should list all confidentiality terms and conditions. As such, no information shall be disclosed with any external party, without prior written approval of CEBl.

3. DEVELOPMENT PHASE

3.1. APQP

On-time approval of Production Part Approval Process documents (PPAP) must be guaranteed through the use of an APQP process. All relevant activities must be scheduled, executed and verified. The project plan must include proper risk mitigation activities and back-up plans. In case of schedule delays or development issues, a suitable recovery plan must be crafted and executed leading to project success. Project scope, division of responsibilities, technical requirements and project schedule should be determined as early as possible.

All parts require APQP tracking. Program kick-off meetings are often held to further communicate launch requirements.

It is expected that suppliers are conducting the APQP or similar process with their sub-tier supply base. CEBI may request verification at any time.

The Supplier must report the status in accordance to the program milestones and/or as required by CEBI at minimum on monthly basis.

3.2. PRODUCTION PART APPROVAL PROCESS (“PPAP”)

3.2.1. GENERAL

The PPAP with all requested documentation and samples according to the QAP/APQP process shall be available or submitted on the agreed date; failure to meet agreed project timing (QAP timing) may mean escalation process being invoked. This documentation shall show that all requirements specified in our drawings and specifications are fulfilled.

The supplier can apply for an Interim approval (identified in the PSW) if the part or documentation cannot conform to all specified requirements. The supplier must apply for this as soon as they see that they cannot present a complete PPAP on the agreed date. The Interim approval shall specify what requirement the supplier cannot fulfill and an action plan showing how and when the part (e.g. 100% sorting before shipping to CEBI) or documentation will be according to specification. An interim approval is always restricted for a limited number of parts or time period.

CEBI reserves the right to inspect these samples for conformance and will return a signed Warrant indicating whether it is approved to produce parts for serial production purposes. This report will be submitted to the Supplier. CEBI only allows shipping of serial production material with an approved PSW (Part submission Warrant) or a signed Interim Approval.

3.2.2. PPAP BASIC REQUIREMENT

Our customers expect superior launch execution from CEBI and the extended supply chain. Supplier submission of on-time and complete PPAP packages is essential to demonstrating that components meet customer requirements prior to start of production. CEBI monitors timeliness of submissions as part of the supplier’s performance and scorecard rating. Suppliers are expected to anticipate risk caused by late tasks and changes by developing mitigation strategies.

PPAP submissions and requirements shall apply to all suppliers supplying production parts, or production materials. All production part sample submissions shall be in accordance with the

AIAG Production Part Approval Process (PPAP) or VDA 2 Production Part Approval (PPA) or applicable customer specific requirements.

CEBI requires that all suppliers complete PPAP Level 3 using the latest AIAG Edition, or VDA 2 Level 2 for Production Part Approval PPA. Supplier's PPAP submissions shall include declarations stating that all material, part, component, heat treatment and surface finish meet specified purchasing requirements. The relevant CEBI Automotive Project Quality responsible or Supplier engineer may request individual sub-supplier Part Submission Warrant (PSW) and/or additional PPAP documentation for review.

PPAP samples shall be submitted and clearly identified with a PPAP label on each container. Data used for the PPAP submission shall be taken from a minimum 300-pieces production run, unless otherwise requested.

In the event of a non-compliance or missed accomplishments (especially for Level 4 component PPAPs) of one or more steps or requests previously agreed, or late submission, the supplier could be invited (physically) to present the PPAP directly at CEBI plant.

The supplier shall make every reasonable effort to correct any discrepancy discovered when parts are being evaluated for a PPAP. If, for any reason, the samples inspected for the PPAP do not comply with all requirements and the supplier is unable to correct the discrepancy, the supplier must inform the appropriate CEBI contact prior to the submission of the PPAP. This will allow for remediation if needed.

All PPAP documentation shall be submitted in English.

3.2.3. Sub-Supplier Management

Sub-suppliers have a significant impact on the quality of the final product. Whether they provide raw materials, services, or sub-components their influence is so profound that it is critical that each of CEBI's suppliers have a supplier management system in place. Management system must include a process for selection, qualification and approval to ensure that only capable sub-suppliers are awarded business. Sub-supplier audit planning must be formalized and followed; audit reports to be submitted to CEBI upon request. Sub-suppliers' quality and delivery performance shall be tracked, evaluated and communicated regularly to sub-suppliers with development plans requested where expectations are not met. Suppliers must be able to demonstrate effective management of sub-suppliers through documented corrective action and verification activities.

APQP, PPAP and Customer Specific requirements shall be cascaded down into the whole supply chain. Suppliers shall ensure that sub-suppliers have the ability to meet all quality requirements at production rate. Process Sign Off or equivalent must be performed prior to sub-supplier PPAP submission. Audit type has to be agreed with the CEBI Quality Contact. All sub-suppliers' control plans shall be audited to ensure compliance.

4. SERIAL DELIVERIES

4.1. PLANNING AND REALIZATIONS OF DELIVERIES (refer to section 8.5.1.7 of IATF 16949:2016)

The supplier receives from CEBI the delivery schedule with lead-time and quantities, compliant with confirmed production capacity and considering the agreed safety stock.

Where a risk of not meeting the agreed delivery schedules is found, the supplier has to inform immediately the CEBI contact about the problem and recovery plan must be defined and agreed with CEBI to minimize risks.

In case of failure of on time products delivery, of the right quantity and quality, the supplier bears all costs associated with special shipments, additional operations and potential stop of production in CEBI or its customers.

4.2. CHANGE MANAGEMENT

In the frame of purchasing quality policy, CEBI Purchasing Department wants to remind to all of its suppliers that neither product nor process modifications on parts used by CEBI are authorized without any official approval from CEBI Purchasing Department (refer to section 8.5.6 of IATF 16949:2016).

Suppliers and sub-suppliers are not allowed to make any unauthorized changes to a product or a process used to produce a product that has been previously PPAP approved by CEBI. This includes also changes to Process Control Plans.

This change management requirements concern therefore all modifications which could affect fit, form or function such as:

- Part modifications:
 - Dimensions
 - Raw material
 - Technical specification
 - Change of sub-supplier (Material or service)
- Process change:
 - New tool
 - Tool modification
 - Process modification
 - New process / technology
- Plant change:
 - Production / Tool transfer to a different plant

The appropriate CEBI Procurement and receiving site Quality representative shall be notified as soon as the Supplier is willing to introduce a modification. Cebi refers for this also to the Customer Specific Requirements (available here: [IATF website - Customer Specific Requirements \(CSR\)](#)) that must be complied with for the components/materials. For the

respective OEMs, amongst other to verify the minimum period for the notification preceding the implementation date (IATF Chapter 8.3.6 – Design and development changes).

The supplier must submit a Supplier Request for Product or Process Change which shall include:

- Detailed information explaining all details of the modifications
- Provision of a change implementation schedule to affect CEBI plant
- Provision of evidence about security stock level to ensure parts delivery during any change related production down time. In the event of irreversible modifications, the security stock must be validated together with CEBI plant prior to implementation of the modification, and records shall be kept and made available to CEBI (if required)
- Identification of new/changed part level proposal: Whenever a change is implemented packaging of the next three consecutive deliveries into CEBI plants must be identified.
- PPAP/Validation plan proposal, the supplier must receive written authorization to proceed with the change from the CEBI receiving site Quality department prior to change implementation.

Any change made without prior written approval by CEBI would not only constitute a breach of our purchase order terms and conditions, but would also be a serious breach of standard automotive rules. Suppliers who do not adhere to this requirement will be held responsible for all damages, losses and liabilities attributable to any unapproved change made by him or one of its suppliers (e.g., customer rejections, customer line stoppage penalty fees, field failures costs, warranty expense).

The official product and process are approved at the PPAP stage by CEBI, they must remain the official basis in serial production. Any deviation to this rule will engage full and unlimited responsibility of supplier on direct and indirect costs incurred by this non-authorized modification.

4.3. SPECIAL CHARACTERISTICS

Special Characteristics are any product or process characteristics that affect safety or compliance with regulations, fit, form, function performance or subsequent processing of product. Special Characteristics include also the Customer specification requirements (CSR) from the final customer of CEBI.

In accordance with the requirements of IATF 16949:2016 (refer to section 8.3.3.3), Special Characteristics shall be identified and specifically addressed in the DFMEA, PFMEA, Reverse FMEA, Control Plans, Process Flows, Work Instructions, CEBI's drawing and other associated documents, CEBI designated Special Characteristics are identified on drawings/specifications or in a separate document that cross-references these characteristics to the drawings/specifications. Suppliers are responsible to fully understand the usage of their product and identify Special Characteristics, if appropriate. Suppliers are also responsible for

ensuring that relevant Special Characteristics are explained, understood and controlled by their sub-suppliers (see also chapter 2).

4.4. PRODUCT SAFETY, PRODUCT LIABILITY

Suppliers must accept the final production liability if using purchased parts and general liability for the final product.

The primary product liability for the purchased parts used in the final product lies with the supplier or sub-contractor. The supplier must therefore define a PSCR (Product Safety & Conformity Representative) contact person and take all organizational and technically feasible and reasonable measures to ensure the product safety of its parts and the parts of its subcontractors and to minimize the risks of product liability.

The supplier shall ensure and require its subcontractors to ensure that:

- The required product safety is guaranteed when components are developed,
- Special consideration is given to product safety during the quality planning stage,
- Quality data and the legally required compliance tests are documented in sufficient detail in order to prove that the products have been manufactured in accordance with all relevant laws and safety standards
- A material tracking system can be used to pinpoint the effects of any faults that occur (if required).

4.5. WORK INSTRUCTIONS (refer to section 8.5.1.2 of IATF 16949:2016)

Work instructions shall be developed by cross-functional team and include also at a minimum:

- Required personal protective equipment and safety requirement if applicable
- Task time and overall cycle time
- Standard in-process stock

In the case of rework, the instructions should detail the rework or repair, the verification of reworked product and the return of this product to normal production flow.

4.6. IDENTIFICATION AND TRACEABILITY

The supplier shall be responsible for controlling / tracking the actual configuration of material or parts to the approved engineering documents in addition to any changes to ensure that the end product meets specified functional and physical requirements as contracted. Additionally, the supplier shall have a robust system in place to provide (upon request) lot or part traceability

back to the raw material stock for all material shipped to CEBI. This requirement shall also apply to any supplier's sub-supplier.

CEBI requires the identification of all delivered products packaging by labels as described below:

Each box or item shall be identified. All goods shall be delivered on euro-pallets except if Supplier is requested to produce and send packaging sheet to be approved by CEBI.

With the serial number and the reception date of a finished product given by CEBI, the supplier must be able to find all required information of the product, such as production date, components used and raw material certificates, controls realised on raw material and during production.

It is expected that all suppliers have an established system for an appropriate level of product traceability in regards to the lot production and material control. Some parts may be subjected to specific, defined traceability requirements. Typically this requirement is applied to parts or part features related to safety or legal regulations. Suppliers of parts in this category are required to maintain systems that allow traceability from a part serial number or date code to specific manufacturing, inspection and material records associated with a part and the regulated feature(s). This information must be retained and stored to be readily accessible to CEBI when required.

4.7. SUPPLIED PARTS QUALIFICATIONS

In compliance with IATF 16949: 2016, regular re-qualification of the product supplied as standard must be carried out periodically, in order to have documentary proof that the characteristics of the component supplied are, at least, the same as the ones on which approval was issued. Frequency and content of re-qualification, if not agreed and approved by CEBI in the PPAP phase or subsequently to the PPAP phase, should be a dimensional, functional (if applicable) and material report, with a maximum periodicity of one year. Unless otherwise agreed between the parties, this documentation will be maintained by the supplier and shall only be delivered upon request from CEBI.

4.8. CUSTOMER- APPROVED SOURCES (refer to section 8.4 of IATF 16949:2016)

When necessary, a tripartite agreement that correctly distributes the responsibilities of each party must be signed (between CEBI, tier-1 supplier and tier-n supplier).

5. SUPPLIER INCIDENT MANAGEMENT

5.1. SORTING ACTIVITY/NON-COMPLAINEE MANAGEMENT

The supplier must ensure that the final checks in the control plan are always carried out. The records of the controls are stored and made available to CEBI, upon the request or at the time of audits.

In the event that non-compliant pieces are detected, the supplier must have a system that rigorously ensures the identification and state of such a non-compliance. The material cannot in any event be delivered or invoiced by the supplier to CEBI, before notification of the authorisation provided by the latter.

In case Supplier has delivered defective parts, CEBI shall be entitled to demand immediate rectification or immediate delivery of replacement parts. For any sorting activity requiring a sub-contractor, the Supplier will have to select a sorting company approved by CEBI. Supplier shall ensure that the organization of the sorting shall enable an immediate communication of any relevant information (including especially the sorting results) obtained by the supplier and/or the subcontractor during the sorting. All related costs will be at the supplier's expenses.

CEBI reserves itself the right to inform the Supplier, by sending a Non-compliance Report, of any Non-compliances of the products supplied, detected after delivery.

Based on nature of the non-compliance (quantity, critical defect...etc.) CEBI may decide to:

- Return the material to the supplier.
- Scrap the material after confirmation by the supplier.
- Request the supplier for the sorting and/or re-working of the material.
- Carry out the sorting and/or re- working of the material at the entire charge of the supplier and accept the material under concession.

Sorting at CEBI plants:

- The Supplier shall mandate a sorting company within the first 12 hours following the incident notification in order to ensure that Cebi is secured at the latest 24 hours following the incident notification to the Supplier.
- In case of delay Cebi will contract directly a sorting company and shall charge back to the supplier all the corresponding costs incurred by Cebi.
- In case of Cebi must do the sorting activities internally, all the cost will be at the charge of the supplier.

5.2. PROBLEM SOLVING / ACTIONS AFTER CLAIM

When purchased material does not meet CEBI requirements (e.g. quality, engineering change level, adherence to test specifications, etc.), or a quality claim is issued by CEBI Plants –

including also final customer claims- through our quality system, an immediate response is expected from the supplier with the submission of a CEBI plant standard 8D form.

CEBI expect 3D within 24 hours (from initial complaint)

- Team formation to respond to the requirement or the claim and problem description.
- Immediate containment action plan for parts already delivered to CEBI, in transit, or in stock at supplier warehouse.

CEBI expect 5D within 5 working days (from initial complaint)

- Root cause analysis for “Non-Detection”
- Root cause analysis for “Occurrence”
- Definition of corrective actions to remove the root-cause

CEBI expect 7D/8D closure within timeframe agreed in 5D step (from initial complaint)

- Confirmation of effectiveness of actions to remove Containment actions
- Actions to prevent reoccurrence
- Official closure of 8D

Please note that there are some CEBI Facilities that must supplement the problem solving documentation with Customer Specific problem solving documents / procedures. In this case, the supplier is obliged to fill these documents in, respectively to support Cebi with all required information's.

Please refer to CEBI plants in case of additional requirement.

5.3. CONTAINMENT

Containment is accomplished through deployment of additional controls in the supplier's manufacturing process to identify a known or potential non-conformance and to prevent it from shipping to CEBI.

Additional controls can include but are not limited to: inspection audits, dimensional measurements, SPC checks, appearance checks, part functionality checks, label verification systems, check fixtures, gages and poka-yokes.

The goal of containment is to protect CEBI from defective material escapes during the initial product and process start up (pre-production), throughout production, and in reaction to a quality issue identified at any location in the supply chain.

Supplier must submit a documented containment plan to CEBI Quality contact within 24 hours of issue notification. Root cause, permanent corrective action plan, and target closure date are required to follow within 5 business days.

5.4. SUPPLIER WARRANTY

Suppliers are required to support the analysis on all part returns from CEBI customers as requested by the CEBI quality contact. The expectation is that all issues are addressed with the appropriate containment, root cause, and corrective action in the timeframe specified.

Any charges incurred from CEBI customers due to supplier issues will be communicated and passed on to the supplier in the form of a supplier chargeback.

5.5. ESCALATION PROCESS

The supplier shall ensure for himself as well as his supply chain that:

- A highly-developed appreciation of quality exists throughout the company,
- The quality capability of the production processes is guaranteed and proven,
- Appropriate series quality assurance measures are taken and according to APQP risk analysis methodology to minimize the probability of defective products occurring.
- Defective products are identified early in the production workflow using appropriate measures (to minimize costs/waste of added value).
- To ensure an effective use of structured problem solving techniques according to PDCA-based methodologies and related tools (ISHIKAWA, 5 whys ...etc.), have evidence of official training on problem solving techniques.
- The supplier shall provide for each incident to Cebi facilities a continuous improvement plan, which must be in English.

In case of very serious nonconformity, or which is repeated over time, the supplier will undergo the following procedure in order of increasing seriousness:

- CSL1: 100% Certification of non-compliant characteristic by Supplier
- CSL2: 100% Certification of non-compliant characteristic for at least 1 month by a third-party paid by Supplier (in case of serious and/or repeated nonconformities and in case of failure of CSL1 plan)
- New Business on-hold,
- Supplier in Black List (Category C in more than 1-year period).

The duration of the CSL1 or CSL2 procedure is defined by Cebi, in terms of time period or number of pieces, according to the problem. The minimum duration is the time required to check the pieces necessary to cover at least one month of CEBI production.

Notification to the supplier is sent by Cebi, in which the following aspects are defined:

- Characteristic check methods
- Methods of identification of the pieces and of the packaging undergoing CSL recheck
- Frequency and method of sending check results to Supplier Quality department.

- Duration
- Exit criteria

CEBI based on the results of the checks carried out, during which nonconformities must not have been found, define approval of suspension of the CSL procedure.

In case of violations of the CSL rules, CEBI will evaluate the suspension of the supply and the Supplier can be included in Black List (Category C in more than 1-year period).

Note: See Appendix 3 – Escalation process

5.6. CHARGEBACK

Supplier Chargebacks are used to recover additional costs that are incurred as a result of nonconforming material or other plant interruptions. Applicable charges may include but are not limited to third party sorting, operator downtime, additional labor or overtime, onsite support at supplier location, engineering analysis, corporate crisis management support, CEBI customer support hours, material handling labor, rework, warranty returns, and/or assembly scrap. Suppliers can expect Supplier Chargebacks to include supporting documentation such as third party invoices, downtime records, etc.

The following damages deriving from Non-compliances are charged to the Supplier whose responsibility has been ascertained:

Damages deriving from Non-compliances	Associated Cost Charged to the Supplier
Extra control and sorting cost (done on the components) realized by CEBI	Actual work and administrative costs incurred according to the valid cost rate of the respective CEBI plant.
Scrapping cost: the complete sub-assembly built with the non-conforming components	Actual labour and material cost incurred
Sorting cost done on the interim or final products at CEBI as well as at CEBI's customer site	Actual external work costs according to evidence and administrative costs according to the valid cost rate of the respective CEBI plant or third party
Special transport cost to avoid line stoppage at CEBI as well as at CEBI's customer site	Actual costs incurred
Rework cost at CEBI as well as at CEBI's customer site	Actual labour and material cost incurred
Rework or replacement costs for all products in the supply chain including the end customer	Actual costs incurred

Cost for Business trips required to solve the problem in a sustainable manner	Actual business trips cost
External or internal analysis required to solve the problem	Actual work incurred according to the valid cost rate of the respective CEBI plant.
Any costs charged by final customer	Actual costs incurred
Warranty cost	Warranty expenses incurred
Administrative costs	For each quality claim, the supplier will be invoiced with 100 Euros of administrative costs.
Audit on supplier premises (refer to the chapter 2.4)	Actual work incurred according to the valid cost rate of the respective CEBI plant.
CEBI production stagnation due to supplier product quality issues, product shortages or logistical factors.	Actual work incurred according to the valid cost rate of the respective CEBI plant.
Discovery that a supplier has not notified CEBI personnel and/or PPAP for a product / process change (i.e. tool move to different location / sub-supplier, material / part change, process controls changed from last approved PPAP, etc...).	Actual work incurred according to the valid cost rate of the respective CEBI plant.
Continued customer dissatisfaction on a supplier's product quality, delivery or logistical issue including a customer mandate to change suppliers to a known capable supplier.	Actual work incurred according to the valid cost rate of the respective CEBI plant.
Supplier inability or unwillingness to work with CEBI to make fundamental quality, delivery or logistical improvements.	Actual work incurred according to the valid cost rate of the respective CEBI plant.

The cost are accounted and communicated to supplier who will assure also the relative recording in the management system.

6. ADDITIONAL REQUIREMENT

6.1. HANDLING, STORAGE, PACKAGING

Suppliers are responsible for ensuring that the appropriate measures are conducted and maintained to preserve product quality during process handling, storing, packaging, preservation, and delivery.

The supplier is responsible for packaging the parts/material in such a fashion as to ensure product integrity and prevent damage upon receipt at CEBI and is evaluated at PPAP.

The supplier is responsible to provide Cebi information about specific storage conditions for their products, if required.

6.2. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility and ethical standards are very important and part of CEBI Vision to remain a company that is trusted and respected by our clients as well as by our community.

Cebi operates business in a responsible manner. At Cebi, the way we conduct business is as important as the products and services we provide. Accordingly, Cebi will only do business with suppliers, contractors, and consultants (collectively herein referenced as “Suppliers”) that comply with applicable and controlling laws, rules, and regulations (collectively herein referenced as “applicable laws”) and at a minimum, with standards of business conduct consistent with those set forth in this Supplier Code of Ethics (“Code”). It is Cebi’s expectation that Suppliers, their employees, sub-suppliers and any other parties involved with the execution of Cebi work, similarly comply with the applicable laws and the standards set forth in this Code.

Cebi expects the following, without limitation, including respecting the human rights of employees from all its Suppliers.

In order to ensure the compliance with the minimum requirements defined in the following, the supplier is obliged to inform about identified risks and mitigating measures without being asked and to provide a documentation of his due diligence measures on request of Cebi.

The supplier sustainability requirements should cover:

- Rights of Minorities and Indigenous People
- Diversity, Equity and Inclusion
- Land, Forest and Water Rights and Forced Eviction
- Use of Private or Public Security Forces
- Export controls and economic sanctions
- Whistleblowing and protection against retaliation
- Decarbonisation

- Reuse and recycling of materials
- Animal welfare
- Biodiversity, land use and deforestation
- Soil quality
- Noise emissions
- Binding requirements towards tier-1 suppliers to pass on standards along the supply chain

6.2.1. HUMAN RIGHTS AND LABOR STANDARDS

The Code of Ethics and Business Conduct is based on the standards of Social Accountability International (SA 8000).

Minimum Requirements for Cebi Suppliers

In cases where potential risks to human rights defenders arise in connection with the products or services provided, the Supplier must speak out against any form of intimidation, threat, defamation, and criminalization of human rights defenders.

Expectations towards Cebi Suppliers

The Supplier should work towards the protection of human rights defenders and declare its commitment to their protection in a publicly available document as well as demand the same commitment from its subcontractors. The Partner should engage in a dialogue with human rights defenders and seek constructive cooperation with them.

6.2.2. FORCED LABOR, HUMAN TRAFFICKING AND SLAVERY

Supplier shall not use any form of forced labor including prison, indentured, bonded, military, slave or any other forms of forced labor. Supplier shall not participate in the recruitment, transportation, transfer, harboring or receipt of any persons by means of threat, use of force, or any other forms of coercion, abduction, fraud, deception, abuse of power or position of vulnerability, or the giving or receiving of payments or benefits to achieve the consent of a person having control over another person for the purpose of exploitation. Suppliers shall not retain an employees' government-issued identification, passports or work permits as a condition of employment and shall allow employees to resign from their positions at any time.

Minimum Requirements for Cebi Suppliers

The Supplier ensures that all its employer practices are in line with the ILO Conventions No. 29 on Forced Labour and No. 105 on the Abolition of Forced Labour at a minimum, particularly that all employees, including contract employees, are working on their own will and that they are free to terminate their employment giving appropriate notice. The Supplier must prohibit all

forms of forced labor, including especially compulsory labor, debt bondage, human trafficking, and any other form of modern slavery.

Employees must not be financially burdened through the withholding of wages or expenses or the imposition of fees as part of the hiring process.

The Partner must not restrict the employee's freedom of movement by withholding their identity documents or taking other measures against their will.

Expectations towards Cebi Suppliers

Suppliers should establish clear policies setting out the implementation procedures for hiring, promotion, and termination. The Supplier should further set out how it monitors its own labor and hiring practices within the company and with third parties, such as employment agencies and recruiters, and how it retains appropriate documentation. Working conditions and employment contracts should be documented clearly and in writing.

The Supplier should work collectively, for example in industry associations, to reject all forms of modern slavery and to protect workers' rights.

The supplier prohibits discrimination based on race, color, sex, language, religion, political or other opinions. We further expect our suppliers to consider the diversity of their employee selection are skills and qualifications. The supplier shall take into consideration the health and livelihood of minorities, local communities and indigenous people, and preserve cultural and ritual sites. The supplier must also commit to respect women's rights and help develop skills and open up opportunities.

6.2.3. PROTECTION OF LOCAL COMMUNITIES AND INDIGENOUS PEOPLES

Minimum Requirements for Cebi Suppliers

The Supplier assures to respect the rights of local communities and indigenous peoples who may be affected by doing business in the Supplier's locations and to take into account the local impact of its business activities. In particular, the Supplier must avoid potential adverse impacts on the health, safety, and living conditions of the affected local communities and indigenous peoples by taking appropriate preventive measures. The Supplier must neither unlawfully engage in the forced relocation of local communities and indigenous peoples nor unlawfully contribute to their involuntary relocation.

The Supplier must uphold the principles of free, prior, and informed consent of indigenous peoples in its activities in the sense of ILO Convention No. 169 on Indigenous and Tribal Peoples in Independent Countries. The Supplier must respect the rights of indigenous peoples, their social and cultural heritage, and their environmental and economic interests. This includes their connection to the land and its cultivation as well as other natural resources.

Expectations towards Cebi Suppliers

The Supplier should work together with local authorities and relevant stakeholders in a trustful manner to achieve the best possible outcome for the people affected by these business

activities. To this end, they should also actively contribute to the development of the local community and create employment opportunities.

6.2.4. CHILD LABOR

Supplier shall ensure that no underage labor has been used in the production or distribution of their goods or services. Employees must not be younger than the minimum employment age established by the respective country or local jurisdiction. In the event no minimum employment age is established, employees must not be younger than the age of compulsory education; or if no minimum age for compulsory education is established, employees should not be younger than age 14.

Minimum Requirements for Cebi Suppliers

The Supplier ensures that child labor is not tolerated within its own operations or within its direct suppliers under any circumstances. The Supplier is obliged within its own business area to comply with ILO Conventions No. 138 on Minimum Age and No. 182 on the Worst Forms of Child Labour as a minimum and to check the age of employees and applicants accordingly. Children must not be hampered in their development and education. Their health and safety must not be adversely affected. The Partner is obliged to agree with its direct suppliers on the requirements for the prevention of child labor and also to request them to forward these.

Expectations towards Cebi Suppliers

The Supplier should establish a separate policy prohibiting child labor within their business activities and supply chains in line with the relevant ILO conventions. The Partner should integrate this requirement into their legally binding contracts and agreements.

If the Partner identifies child labor in its workforce, the Partner should not only terminate the employment, but also take care to create adequate measures to remedy the situation, for example, including them into an appropriate education program. A mere postponement of child labor is to be prevented.

The Partner should work collectively, for example, in industry associations, to promote the rights of children and their access to education and healthy development.

WORKING HOURS
Supplier's employee working hours must comply with all applicable laws and regulations. Suppliers should encourage employees to receive at least one day off every seven days in compliance with all applicable laws.

6.2.5. WAGES AND BENEFITS

Suppliers must have a system in place to verify and accurately record payroll, deductions and the hours worked by legally authorized employees. Suppliers must comply with all applicable wage and compensation requirements as defined under applicable labor laws for regular work, overtime, maximum hours, piece rates, and other elements of compensation and employee benefits.

6.2.6. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Supplier must adhere to applicable laws regarding the right to affiliate with lawful organizations without interference.

6.2.7. NONDISCRIMINATION

Employment by Supplier shall be based solely on person's ability and not personal characteristics. Supplier shall maintain a workplace free of unlawful discrimination, which includes, but is not limited to, race, gender, sexual orientation, age, pregnancy, caste, disability, union membership, ethnicity, religious belief or any other factors protected by applicable law. Employees shall not be subject to verbal, physical, sexual or psychological abuse or any other form of mental or physical coercion and shall be treated with respect and dignity.

6.2.8. HEALTH AND SAFETY / WORKING ENVIRONMENT

Minimum Requirements for Cebi Suppliers

The Supplier as employer warrants health and safety at work within the framework of the applicable national law. Insofar as the product manufacture or the provision of services may have a significant impact on the health and safety of its employees, the Supplier undertakes to implement and operate a recognized and certified occupational health and safety management system (for example, in accordance with ISO 45001 or OHSAS 18001).

The Supplier must establish guidelines on health and safety at work that support the continuous development and improvement of working conditions and provide all employees with regular access to relevant training.

The Supplier must protect its employees against work-related hazards in the form of accidents, hazardous substances, and excessive physical and mental stress. The Partner must ensure a safe workplace, the necessary working tools and materials, and adequate protective equipment.

Expectations towards Cebi Suppliers

The Supplier should support the continuous development and improvement of working conditions with the objective of having no occupational accidents and illness. The Supplier should have policies and guidelines on occupational health and safety in place and foster a preventive approach according to which occupational accidents and illness can be prevented.

The Supplier should conduct regular inspections to warrant employee safety, set ambitious targets in terms of accident rates, deaths and days lost, and report on their progress annually.

The Supplier should document all the health and safety trainings provided to its employees and provide them with access to healthcare services. Appropriate services may include, for example, on-site clinics or a system for referring employees to external healthcare providers.

6.2.9. ENVIRONMENT

Suppliers shall be sensitive to its impact on the environment (including but not limited to air emissions, water discharge, toxic substances and hazardous waste disposal) and local communities. Supplier shall comply with the environmental laws and standards within its facilities. Suppliers must be careful in handling hazardous materials or operating processes or equipment that use hazardous materials to prevent unplanned releases into the workplace or the environment (see section 2.1.2 Environmental Management System).

Suppliers, if so required by Cebi, must have a documented and updated environmental policy that includes targets (no-exhaustive list) to:

- protection of water quality,
- protection of biodiversity,
- protection against hazardous substances on the premises and use of appropriate waste management systems and procedures,
- compliance with the applicable laws and continuous improvement,
- reduction of CO₂ footprint by reducing Energy consumption and using renewable energy by implementing a system against waste of energy,

6.2.10. BRIBERY AND CORRUPTION

Suppliers shall not engage in any form of corrupt practices including without limitation to, extortion, fraud, impersonation, false declarations, bribery, money laundering, supporting or involved with terrorist or organized crime organizations or activities. Suppliers shall not offer bribes, kickbacks, illegal political contributions or other improper payments to CEBI representative or agency, any customer, government official or third party, with the intention of obtaining or retaining a business or other improper advantage. Suppliers must have a written anti- corruption / anti-bribery policy that includes an annual review with its employees of such policy.

No matter where we operate around the world, we are steadfast in our dedication to service and integrity. Strong Supplier partnerships are a cornerstone of CEBI's business and a vital link in setting and achieving expectations for ethical sourcing and corporate social responsibility. At CEBI, the way we conduct business is as important as the products and services we provide.

In the event CEBI determines that a Supplier's efforts to comply with this Code have been deficient and the Supplier fails to cooperate in developing and implementing reasonable remedial steps, CEBI reserves the right to take appropriate actions up to, and including, discontinuing purchases from the Supplier.

6.2.11. PRIVACY AND DATA PROTECTION

The personal data collection, storage, and use is required to be

- Processed lawfully, fairly and in a transparent manner in relation to the data subject;

- Collected for specified, explicit and legitimate purposes;
- Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- Kept in a form that permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed;
- Processed in a manner that ensures appropriate security of the personal data.

6.2.12. FAIR COMPETITION AND ANTI-TRUST

Supplier represents, warrants and undertakes that Supplier and its affiliates, and their respective staff, directors, employees, successors, suppliers, distributors and agents (hereinafter referred to as “Supplier’s Related Parties”) will comply with the competition laws and regulations throughout the world, including but not limited to, the Fair Trade Act of Taiwan, Anti-Trust Law of the U.S.A., Thailand Trade Competition Act and laws and regulations related to fair competition or anti-trust applicable in any other countries or territories (hereinafter referred to as the “Competition Laws” collectively), and will engage in ethical management and fair competition, and refrain from engaging in any malicious competition by means against the law, including but not limited to, unfair concerted actions, restricted selling prices, abuse of monopoly power, or restriction of trade , concerted actions, unfair trade, bid rigging, combined pricing, allocation of customers, or any other actions against said laws and regulations.

6.2.13. PROTECTION OF INTELLECTUAL PROPERTY

Minimum Requirements for Cebi Suppliers

The Supplier must comply with all applicable national and international laws concerning the protection of intellectual property. Intellectual property includes registrable intellectual property rights (for example, patents, trademarks, and designs), domains, copyrights, and requirements under competition law. The Supplier must also take care to ensure that it holds all the necessary rights of use to avoid infringements of intellectual property rights.

6.2.14. SANCTIONS

Minimum Requirements for Cebi Suppliers

The Supplier must ensure that it observe all applicable national and supranational sanctions and trade embargoes. The Supplier must therefore take all necessary measures to avoid the risk of sanction violations.

6.2.15. ARTIFICIAL INTELLIGENCE

Minimum Requirements for Cebi Suppliers

Suppliers that develop and/or use artificial intelligence (especially machine learning and deep learning) must ensure that artificial intelligence is used and handled responsibly, that its use can be explained, that privacy is protected, and that its use is safe, secure, and reliable. In this context, they must follow an approach that ensures that development remains human-centric and that risks and opportunities are taken into account in equal measure.

6.2.16. ANIMAL PROTECTION

Expectations towards Cebi Suppliers

The Supplier should implement standards and best practices in order to comply with the following ethical principles:

- The Five Freedoms of the British Animal Welfare Committee (AWC) to assess animal welfare (freedom from hunger, thirst, and malnutrition, freedom from discomfort, freedom from pain, injury, and disease, freedom from fear and distress, and the freedom to express normal behavior).
- The standards of the World Organization for Animal Health (OIE) on animal welfare (Terrestrial Animal Health Code and Aquatic Animal Health Code)
- The 3R principles for animal testing (Reduction, Refinement, Replacement). The goal of the 3R principle is to completely avoid animal testing altogether (Replacement) and to limit the number of animals (Reduction) and their suffering (Refinement) in tests to the minimum necessary.

6.2.17. CONFLICTS OF INTEREST

The Supplier and its employees have to avoid any Conflicts of Interest.

Minimum Requirements for Cebi Suppliers

In dealing with business partners, the Supplier must make decisions solely on the basis of objective information and may not allow itself to be influenced by personal interests. The Supplier must disclose potential or actual conflicts of interest and identify an appropriate response.

6.2.18. WHISTLEBLOWING AND PROTECTION AGAINST RETALIATION

CEBI requires its suppliers to have a Whistleblowing and Retaliation Protection Policy that applies to anyone who in good faith reports suspected wrongdoing by the Company and may be subject to retaliation as a result. Wrongdoing includes, but is not limited to:

- Fraud

- Corruption
- Waste of resources
- Sabotage
- Substantial and specific danger to public health or safety
- Sexual exploitation and abuse.

6.2.19. CASCADING IN THE UPSTREAM SUPPLIER MANAGEMENT

CEBI expects its suppliers to enforce sustainability requirements throughout their entire supply chain by:

- Defining and implementing similar standards towards their own tier-1 suppliers.
- Establishing binding requirements towards tier-1 suppliers to pass on standards along the entire supply chain.

Nothing in this CSR terms and conditions is intended to, in any way, grant any additional rights or expectations to a CEBI Supplier or, in any way, modify or otherwise limit any of CEBI's contractual or legal rights.

6.3. VIOLATION REPORTING AND HANDLING

Following [CSR DIRECTIVE 2014 95 EU](#), complainants may report any violations of these standards to Cebi using Cebi's Direct Channel (<mailto:legal@cebi.com> for anonymous communication and/or available information's on Cebi website [Request info on Cebi website](#)) is available to Cebi's professionals and partners (including suppliers and their employees) as a confidential way to communicate any concerns regarding the interpretation or application of the Code of Ethics and Legal Compliance and its implementing regulations, as well as for the mandatory reporting of any illicit behaviour or any irregularity or infringement detected in relation to said Code and regulations.

All the correspondence received via this channel is handled in accordance with the principles of impartiality, confidentiality and independence, with full respect for rights and guarantees in the process, both in the analysis and verification of the correspondence received and in the resolution and, as applicable, adoption of corrective measures whenever appropriate.

Suppliers must inform Cebi as soon as possible if they become aware of any non-compliance with the obligations imposed by this Policy on their own part, during their own operations or in their supply chain (including their subcontractors).

6.4. RESTRICTED AND DECLARABLE SUBSTANCES

6.4.1. COMPLIANCE WITH LOCAL LAWS AND REGULATIONS

Suppliers must adhere to the laws and regulations in the locality in which they reside. This includes all local, state, and federal laws/regulations in the country of origin.

6.4.2. INTERNATIONAL MATERIAL DATA SYSTEM (IMDS)

CEBI supplier must ensure that its products comply with GADSL - Global Automotive Declarable Substances List. More details can be found at <http://www.gadsl.org>.

The supplier is obliged to declare the use in their products of substances "restricted" or "declarable" specified in GADSL by completing an IMDS base - International Material Data System. Evidence of entering data into IMDS system has to be included in the package of PPA documents sent to CEBI. More details can be found at <http://www.mdsystem.com>.

6.4.3. REACH AND RoHS

CEBI suppliers should comply the requirements of the European Parliament and Council Regulation EC 1907/2006 and 2011/65/EU concerning the safe use of chemicals by their registration and evaluation, and in some cases, authorization and restriction of trade and the use of certain chemicals, and also the restriction of the use of certain hazardous substances in electrical and electronic equipment. (**REACH** - Registration, Evaluation, Authorization and Restriction of Chemicals, **RoHS**- Restriction of Hazardous Substances).

6.4.4. RESPONSIBLE SOURCING OF RAW MATERIALS FROM CONFLICT AFFECTED AND HIGH-RISK AREAS (CAHRAS)

On August 22, 2012, the US Securities and Exchange Commission (SEC) adopted final rules to implement reporting and disclosure requirements related to "conflict minerals", as directed by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The term "conflict minerals" defines columbite-tantalite (cola), cassiterite, gold, wolframite, tantalum, tin and tungsten, and any other mineral or its derivatives determined by the US Secretary of State to be financing conflict in the Democratic Republic of the Congo or an adjoining country.

CEBI suppliers shall ensure compliance with these requirements and provide all requested reports.

For more information regarding conflict minerals, please refer to <http://www.conflict-minerals.com>

Minimum Requirements for Cebi Suppliers

The Supplier undertakes not to commit or contribute to any severe human rights violation, including torture, cruel, inhumane, and degrading treatment, including corporal punishment, sexual violence, war crimes, and crimes against humanity. Suppliers of raw materials that originate from conflict-affected and high-risk areas or are transported through conflict-affected areas and suppliers that use such raw materials in their products must effectively meet their

due diligence obligations in the supply chain in order to minimize the risk of actual and potential adverse impacts along the supply chain. They must establish a policy that sets out how they systematically identify and prioritize risks and initiate countermeasures.

Suppliers of 3TG3 (tin, tantalum, tungsten, and gold) and suppliers that use these raw materials in their products must identify and disclose all the smelters and refiners in their supply chains and assess whether they have conducted an OECD-compliant due diligence process. In doing so, suppliers must apply established procedures, such as the Responsible Minerals Assurance Process (RMAP), as a minimum. The supplier shall ensure that the purchase of these materials is made exclusively from refineries and smelters that meet the requirements (status: "Conformant") of the Responsible Minerals Assurance Process (RMAP) of the Responsible Minerals Initiative (RMI) by start of production. As proof, such suppliers provide a Conflict Minerals Reporting Template (CMRT) annually by March 1 at the latest. If a smelter or refinery used does not comply with the requested standard, the Cebi Group may require the Supplier to remove refineries and smelters that are not RMAP-compliant from the Cebi Group supply chains in the long term.

Expectations towards Cebi Suppliers

The Supplier should work with its upstream supply chains to strengthen its ability to assess risks and improve its due diligence measures.

The Supplier should collaborate in industry-wide initiatives that work to strengthen entrepreneurial due diligence in raw material supply chains.

Terms and Definitions

Term	Definition
AIAG	Automotive Industry Action Group: Not-for-profit association where professionals from a diverse group of stakeholders work collaboratively to streamline industry processes via global standards development and harmonized business practices (www.aiag.org).
APQP	Advanced Product Quality Planning
FMEA	Failure Mode and Effect Analysis (A typical risk management system)c

MSA	Measurement System Analysis
QMS	Quality Management System
SPC	Statistical Process Control
OE (OEM, OES)	Original Equipment (Original Equipment Manufacturer, Original Equipment Spare part). Terminology mainly used in Automotive to define that a product is the validated product for the vehicle, according the specific customer design requirement. It differs from an After Market product (designed as a product on shelves, not specifically to a particular final customer design requirement)
CSL I	Level I Controlled Shipping is an inspection process to detect nonconformities, and includes root cause analysis, possible corrective actions according to the results and a verification process to determine the effectiveness of the corrective actions by inspection.
CSL II	Level II Controlled Shipping includes the same processes as Level I, with an additional inspection process that is completed by an independent third party. In special cases, the Level II inspection may be required to be performed outside the supplier's facilities.
VDA	The German Association of the Automotive Industry ^[1] or VDA (German : Verband der Automobilindustrie e. V.) is a German interest group of the German automobile industry , both automobile manufactures and automobile component suppliers. It is member of the European Automobile Manufacturers Association (ACEA).
PPAP or PPA	Production Part Approval Process (AIAG) or Product and Process Approval (VDA)

List of Appendix

Appendix 1: CEBI Contact

Appendix 2: CEBI Supplier performance monitoring

Appendix 3: Escalation process

Appendix 4: Supplier Questionnaire

Appendix 5: CEBI Code of Ethics

Appendix 6: Self-Assessment_MAQMSR & ISO 14001_ 15 questionnaire