

SUPPLIER MANUAL

GNOTEC SLOVAKIA

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Introduction

The automotive industry is dynamic and fast-paced. To remain competitive, we must adapt swiftly and efficiently. Because every partner plays a vital role in the supply chain, continuous improvement and innovation are essential to navigating these market shifts successfully.

Supplier Responsibility & Compliance

Gnotec publishes all official requirements and manuals online. It is the supplier's responsibility to stay informed about updates and adjust their operations accordingly.

Important Notice:

Please regularly review the current Supplier General Terms and Conditions, Supplier Manual, and Logistics Guidelines available at www.gnotec.com/download.

Requirements and Expectations

Our supply chain operates on a foundation of continuous improvement, predictability, and meticulous prevention—leaving nothing to chance. We partner with suppliers who share our unwavering commitment to operational excellence, flawless supply, and a zero-defect mentality.

Core Pillars of Our Supply Chain

- Proactive Prevention: Anticipating risks and implementing controls before issues arise.
- Predictability & Reliability: Delivering consistent, high-quality results at every stage.
- Continuous Improvement: Constantly refining processes to eliminate waste and optimize performance.
- Zero Defect Goal: Striving for absolute perfection in every shipment.

Quality and Environmental Systems

To ensure compliance with global automotive standards, Gnotec requires all suppliers to maintain recognized management systems.

Mandatory Certification Requirements

Suppliers must hold valid certifications for the following standards, or provide a documented implementation plan to achieve them:

- ISO 9001 – Quality Management Systems
- ISO 14001 – Environmental Management Systems
- IATF 16949 – Automotive Quality Management Systems *(or a formal, agreed-upon roadmap toward certification)*

Status Updates & Changes

Critical Obligation: Suppliers are required to notify Gnotec immediately regarding any changes to their certification status, including renewals, suspensions, expirations, or major audit findings.

Quality Performance

Gnotec monitors and evaluates supplier quality metrics regularly. To maintain a healthy partnership, suppliers must meet strict performance benchmarks across documentation, problem-solving, and annual KPIs (Key Performance Indicators).

Core Performance Metrics

- **On-Time PPAP:** Production Part Approval Process (PPAP) documentation and samples must be submitted on time and fully compliant with automotive standards.
- **Timely 8D Handling:** In the event of a non-conformity (product or process defect), suppliers are expected to execute a swift, thorough 8D problem-solving process. This includes immediate containment, root-cause analysis, and permanent corrective actions within agreed timelines.
- **Annual Quality Targets:** An annual performance goal based on your historical quality data will be established and formally agreed upon with your assigned Supplier Quality Assurance (SQA) engineer.

8D Reporting Expectation: For any quality spill or defect, Gnotec expects an initial containment response within 24 hours, followed by a complete root-cause analysis and action plan according to standard automotive timelines.

Logistics and Delivery Performance

Seamless supply chain logistics are critical to maintaining our production schedules. Gnotec expects precision, digital integration, and absolute reliability from our logistics partners.

Delivery Targets & Communication

- **100% On-Time Delivery:** Our baseline target for all suppliers is a 100% On-Time In-Full (OTIF) delivery performance score. Late or incomplete shipments directly impact production and are tracked as performance deviations.
- **Mandatory EDI Integration:** To ensure real-time data accuracy, all serial production shipments must be managed via EDI (Electronic Data Interchange).

EDI Exception Policy: Any deviation from standard digital EDI communication is strictly prohibited unless formally authorized through a separate, written agreement with Gnotec logistics management.

Sustainability and Environmental Requirements

As part of our commitment to responsible manufacturing, Gnotec and the Frauenthal Group require our suppliers to actively minimize their environmental footprint, ensure safe working conditions, and uphold ethical sourcing practices.

1. Chemical Management & Safety

Suppliers must implement clear targets and measurable actions to ensure the safe handling, storage, and disposal of materials. Continuous effort must be made to decrease and substitute the use of hazardous chemicals in production.

2. Carbon Footprint & Emission Reductions

The Frauenthal Group has set aggressive decarbonization targets:

- 15% CO₂ reduction (Baseline milestone)
- 50% CO₂ reduction by 2030

To support these objectives, suppliers are required to present concrete action plans demonstrating how they contribute to reducing CO₂ emissions. When requested, suppliers must submit comprehensive environmental data and emission evaluations.

3. Responsible Sourcing & Compliance

- **Material Traceability:** Upon request from Gnotec, suppliers must promptly submit valid and updated reporting templates, including the CMRT (Conflict Minerals Reporting Template) and/or the EMRT/CRT (Extended Minerals/Cobalt Reporting Template).
- **Ethical Standards:** Suppliers are strictly obligated to adhere to the principles outlined in the Code of Conduct for Business Partners.

Compliance Note: Failure to provide requested transparency reports (such as CMRT or emission data) or non-compliance with the Code of Conduct directly impacts supplier performance ratings and future business allocation.

Sourcing & Supplier Onboarding

This section outlines the mandatory phases required to become an approved supplier to Gnotec. Before submitting any commercial proposal, potential suppliers must read, understand, and accept Gnotec's prerequisites. These requirements are non-negotiable; all future business will be awarded strictly under these established terms.

Phase 1: Short Supplier Evaluation

Prospective suppliers must complete and submit the Short Supplier Evaluation Form to the responsible Purchasing Commodity Buyer. The Sourcing Board will review the submission to determine if the supplier qualifies for further business opportunities.

Phase 2: Request for Quotation (RFQ) & Quotation Submission

To be considered for new business awards, suppliers must provide a comprehensive, formal response to the RFQ that addresses all technical and commercial demands.

Quotation Requirements:

Framework Compliance: All quotations must be calculated and submitted in full alignment with the Gnotec General Terms & Conditions, this Supplier Manual, and our Logistics Guidelines.

Operational Constraints: Any limitations regarding production capacity, tooling lifetime, or equipment constraints must be explicitly stated in the proposal.

Technical Product Review (TPR): The supplier must always conduct and include a thorough technical product review within their quotation to verify manufacturing feasibility.

Commercial Metrics: Prices and lead times must be clearly defined for each subsequent order and specific engineering index level.

Phase 3: The Lifecycle Process (Prototype to Serial Delivery)

Once a project is awarded, the supplier will progress through four distinct milestones to transition from initial concept to mass production:

[Prototype Supply] → [First Off Tooling (FOT)] → [PPAP Approval] → [Serial Delivery]

Prototypes: The phase covering the period from the initial prototype order placement to the physical delivery of prototype parts.

First Off Tooling (FOT): The phase from the official tooling order placement to the successful delivery of the very first parts generated directly from the production tooling.

PPAP (Production Part Approval Process): The phase from the PPAP order placement to the formal approval of all PPAP documentation and layout samples.

Serial Delivery: The final transition phase from official PPAP approval to the fulfillment of the first serial production shipment.

Supplier Evaluation

Gnotec utilizes the standardized VDA 6.3 process audit framework to evaluate potential and existing suppliers. This comprehensive audit provides a transparent overview of a supplier's organizational capabilities, manufacturing maturity, and quality management processes.

Minimum Qualification Thresholds

To qualify for business with Gnotec, suppliers must achieve strict minimum scores during the evaluation:

- **Minimum Overall Score:** The supplier must achieve a total audit score of at least 80% (equivalent to a VDA 6.3 "B" rating or higher).
- **Critical Stopping Parameters:** In addition to the overall score, the supplier must achieve an acceptable rating on all VDA 6.3 "red flag" / stopping parameters (such as product safety, process capability, and sub-supplier management).

Classification Warning: A failure in even one critical stopping parameter will result in an automatic downgrade of the supplier's status, disqualifying them from receiving new business nominations regardless of the overall percentage score.

Critical Stopping Parameters

"Stopping parameters" are non-negotiable risk criteria.

A failure or unacceptable risk rating in any of these categories will result in the immediate rejection or disqualification of a supplier, regardless of their overall VDA 6.3 percentage score.

Gnotec evaluates the following nine areas as critical stopping parameters:

1. Corporate Governance & Stability

- Ownership Transparency: Unclear, unstable, or high-risk corporate ownership structures.
- Management Competency: Inadequate organizational leadership or a lack of qualified management to support automotive-grade demands.
- Financial Dependency: Excessive commercial reliance on a single customer or market, threatening the supplier's long-term business continuity.
- Financial Health: Poor credit ratings, insolvency risk, or unstable financial metrics during evaluation.

2. Operational Compliance & Standards

- Quality Systems: Failure to maintain robust quality control systems or a lack of basic automotive-grade quality standards.
- Environmental Responsibility: Non-compliance with environmental regulations or failure to maintain essential environmental management systems.
- Ethical Standards: Any violation of human rights, anti-corruption policies, or the Code of Conduct for Business Partners.

3. Risk Liability & Protection

- Inadequate Insurance Coverage: Failure to maintain comprehensive commercial insurance policies. To do business with Gnotec, suppliers must possess adequate coverage for:
 - Product Liability
 - Product Recall Costs
 - General Comprehensive Business/Company Insurance

Supplier Note: Proof of financial stability, active ISO/IATF certifications, and valid insurance certificates must be provided during the initial onboarding phase and updated annually to prevent a blocking status.

Final Agreement & Contractual Sign-off

Successfully passing the supplier evaluation and onboarding process does not guarantee a business award. Before any formal nomination can take place or purchase orders (POs) can be issued, the supplier must legally execute Gnotec's standard purchasing agreements.

Mandatory Pre-Nomination Step

Prior to receiving any business nomination or official purchase orders, the approved supplier is required to formally sign the following binding documentation:

- Gnotec Purchasing Terms and Conditions
- Any applicable project-specific riders or supply agreements

Compliance Requirement: No commercial commitment is valid, and no production tooling or serial orders will be released, until these signed terms are received and validated by Gnotec Purchasing Management. There will be no exceptions to this policy.

Production Part Approval Process (PPAP)

The primary objective of the PPAP framework is to verify that all Gnotec design records, technical specifications, and engineering requirements are thoroughly understood and fulfilled by the supplier. Furthermore, it serves as definitive proof that the supplier's manufacturing process possesses the required statistical capability to consistently produce conforming components under stabilized, full-rate serial production conditions.

Authorization for Serial Delivery

- **Mandatory Approval:** A full PPAP submission must be evaluated and formally approved by Gnotec Quality Assurance before any mass production can begin.
- **The Part Submission Warrant (PSW):** Serial deliveries are strictly prohibited until a Gnotec-signed Part Submission Warrant (PSW) has been returned to the supplier.

Strict Compliance Notice: Any parts shipped to a Gnotec manufacturing plant without an approved PSW will be automatically rejected at the receiving dock, and all associated costs (handling, transport, and line-stoppages) will be debited to the supplier.

PPAP Order & Submission Timeline

Upon initiating a project phase, the Gnotec Purchaser will issue a formal PPAP Order. This document establishes a strict timeline and defines the specific submission dates that the supplier must meet.

Standard Submission Timeline and Requirements

To ensure a smooth approval process, suppliers must adhere to the following schedule:

1. **Material Data System (IMDS / CAMDS):** Material data sheets must be submitted via IMDS (or CAMDS for projects destined for the Chinese market) two (2) weeks prior to the final PPAP submission date. An approved material datasheet is a prerequisite for PPAP sign-off.
2. **PPAP Documentation & Samples:** On the designated PPAP/PSW submission date, the supplier must submit the complete PPAP package along with physical samples.
 - **Sample Requirements:** Unless otherwise specified, the supplier must provide five (5) fully measured sample parts, accompanied by a corresponding dimensional and material inspection report (measurement protocol).
3. **Review and PSW Approval:** Gnotec will review the complete submission and promptly communicate either a formal approval or a request for correction. Feedback or a signed Part Submission Warrant (PSW) will be issued no later than two (2) weeks following the receipt of a complete and valid PPAP package.

Delays, Non-Conformities, and Submission Levels

Gnotec demands strict adherence to agreed project timelines. Any failure to meet submission milestones directly risks downstream automotive launch schedules.

1. Risk Management & Delays

- **Proactive Communication:** The supplier must immediately notify both the responsible Gnotec Buyer and the Supplier Quality Assurance (SQA) engineer at the first sign of any risk that could delay a submission.
- **Penalties for Incomplete or Late Submissions:** Failing to deliver a PPAP package on time, or submitting it with missing documentation/samples, will automatically be classified as a quality non-conformity or missed delivery. These instances will be treated under our standard late-delivery protocol, which negatively impacts the supplier's performance rating and may result in administrative fees.

2. PPAP Submission Documentation Levels

To ensure maximum transparency and data integrity, Gnotec enforces strict rules regarding AIAG PPAP submission levels:

- **Default Requirement (Level 3):** Suppliers must submit PPAP Level 3 for all parts without exception. This requires the submission of full supporting data, design records, and part samples.
- **Conditional Level 4 Approval:** A supplier may be permitted to transition to PPAP Level 4 (submission of the Warrant and a customized documentation package) only after:
 1. Demonstrating a proven track record of flawless, error-free Level 3 submissions over an extended period.
 2. Successfully passing a formal, on-site process audit conducted by Gnotec Quality.

Note: Transitioning to Level 4 is a privilege granted solely at Gnotec's discretion. Until formal, written authorization for Level 4 is issued by your SQA, Level 3 remains the mandatory standard.

Non-Conformities and Corrective Actions

Identifying and resolving non-conformities swiftly is critical to protecting production continuity and product integrity. Both Gnotec and its suppliers must act with urgency when a defect is detected.

1. Management of Non-Conforming Materials

When non-conforming material is identified at a Gnotec facility, the supplier must be prepared to execute one or all of the following containment actions immediately:

- **Material Return (Standard Protocol):** Non-conforming material will typically be returned to the supplier for off-site sorting, containment, or scrapping.
- **Rapid Replacement:** The supplier must immediately dispatch certified replacement material to prevent Gnotec production downtime.

- **On-Site Resources:** If material cannot be returned, the supplier must provide third-party or internal personnel to perform necessary sorting or rework at the Gnotec facility.
- **Work Instructions:** The supplier must immediately provide clear instructions, boundary samples, and explicit acceptance criteria to support any inspection, sorting, or rework activities.

Operational Rules for Sorting & Rework:

- **Emergency Sorting:** Depending on production urgency, Gnotec reserves the right to begin sorting suspect parts immediately without prior supplier approval to prevent a line stoppage.
- **Rework Authorization:** No physical modification or rework may be performed on Gnotec-owned or bound products without explicit, written approval from Gnotec Quality.
- **Proactive Notification:** If a supplier suspects that non-conforming material has slipped through their internal gates and shipped to a Gnotec plant, they must notify Gnotec Quality **immediately**.

2. Root Cause Analysis and Reporting

To ensure defects are permanently eliminated, suppliers must adhere to rigorous automotive problem-solving methodologies:

- **8D Discipline:** Suppliers must follow the standard 8D (Eight Disciplines) problem-solving process, utilizing robust analytical tools (e.g., 5-Why, Ishikawa diagrams) to identify the true root cause and prevent recurrence.
- **Risk Read-Across (Yokoten):** The supplier must immediately investigate whether a similar defect could occur in related parts or processes and apply these lessons learned across all similar production lines.
- **FMEA Updates:** Every confirmed quality claim requires a formal review and update of the corresponding **PFMEA** (Process Failure Mode and Effects Analysis) and Control Plan. The updated FMEA must be submitted to Gnotec as part of the permanent corrective action verification.

3. Administrative and Cost Penalties

To offset the operational burden of handling defective material, confirmed quality claims will incur administrative fees.

- **Standard Claim Fee:** Every confirmed claim will be invoiced a standard administrative fee plus any operational costs incurred (sorting, line downtime, scrap).
- **Repeat Claims:** A "Repeat Claim" is defined as the same defect or part number failing within a rolling 12-month period. Repeat claims indicate failed systemic containment and will be debited at a significantly higher rate.

Description	Unit	Hourly rates			
		Mon-Fri Day shift	Night Shift 22:00 / 06:00	Saturdays	Sundays/ Holidays
Setup project cost	By project	400 €			
Administration fee	By Invoice	200 €			
Administration fee (Repeating claim)	By Invoice	350 €			
Inspection	1h	23 €	+6€	+12€	+23€
Supervision	1h	30 €	+6€	+15€	+30€
Fee logistic QCC	1h	12 €	+6€	+6€	+12€

Supplier Escalation Procedure

Suppliers exhibiting chronic poor performance—such as recurring defects, inadequate or late 8D reporting, delayed PPAP submissions, or poor logistical service—will be entered into a formal Escalation Process initiated by the Quality Manager and Local Purchasing Department.

Required Supplier Actions During Escalation

To resolve an escalation status, the supplier must execute the following actions:

1. **Root Cause Isolation:** Identify all underlying technical and systemic root causes driving the poor performance.
2. **Comprehensive Action Plan:** Develop a robust, time-bound action plan that introduces systemic corrective controls.
3. **Past Failure Analysis:** Investigate and document why any previous corrective actions or milestones from earlier steps failed to resolve the issue.
4. **Yokoten Execution:** Perform a horizontal deployment (*Yokoten*) of the corrected process controls to all similar products and manufacturing lines across the organization.

De-escalation & Exit Criteria

A supplier will only be removed from the escalation status once all the following criteria are verified:

- **Action Plan Fulfillment:** All agreed-upon systemic actions in the escalation plan are completed.
- **Cross-Site Deployment:** Lessons learned from the escalation process are formally implemented across the supplier's other production facilities, where applicable.
- **Sustained Zero-Defect Performance:** The supplier must achieve a clean record of **zero defects for a minimum of three (3) consecutive months**.
- **KPI Alignment:** The supplier meets or exceeds the original performance benchmarks that initially triggered the escalation.
- **On-Site Verification:** A Supplier Quality (SQ) representative from **Frauenthal Gnotec Slovakia** has conducted an on-site audit to verify and validate the long-term effectiveness of the corrective actions.

SUPPLIER

GNOTEC SLOVAKIA

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