

SUPPLIERS MANUAL

(Evaluation and Development)

This document replaces and cancels the previous ones.

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1 THE SUPPLIER'S MANUAL

1.1 INTRODUCTION

The purpose of this Supplier Manual is to improve the relationship between Rudolph and its Suppliers. In order for this objective to be achieved, Rudolph's management understands as a basic premise the need for agreements that are based on the principles of our companies, because otherwise, in situations of difficulty, they will soon not be met.

Thus, this Manual represents and documents the systematic used between Rudolph and its Suppliers, aiming beyond the security in the project, development, production, installation and assistance of our products, to contribute to the success of the business.

We are fully aware of the importance of applying the requirements contained in this Manual and, therefore, we expect the full commitment of Suppliers in obtaining and supplying products that meet the required levels of performance, safety, quality, reliability and costs required.

1.2 OBJECTIVE

Assess the potential of the Quality Management System applied by the Supplier, qualify it according to the requirements demanded by Rudolph and develop it in order to meet the requirements of IATF 16949, ISO 14001 and other specific applied standards.

This system should ensure the prevention and detection of any non-conformities during the development and manufacturing process, with a focus on quick and effective corrective actions, aiming at improving and guaranteeing the delivery of products according to the specified requirements.

1.3 RUDOLPH'S IDEOLOGY

The Company's Management ensures that Rudolph's ideology is:

RUDOLPH IDEOLOGY

Vision

Inspired people producing results with excellence.

Mission

Create shared value, building complementary solutions with specialization in machining that arouse the desire for continuity.

Strategy

Have stakeholders (all partners, Employees, Customers, Suppliers, Shareholders) with performance above the market average and with continuous improvement.

Values

Result, Honesty, Commitment, Serving, People.

Policy

- 1 - The symbol of RUDOLPH Usinados is Quality *.
- 2 - We care for a motivating environment, supported by prevention, which results in personal and professional development, based on a culture of commitment.
- 3 - Our most important quality criterion is the satisfaction of our Shareholders, Employees, Customers and Suppliers, as well as respect for legal and other requirements.
- 4 - We aim that the requests, specifications and posture of all of us, and with whom we interact, are in accordance with our values and our ability to serve.
- 5 - The recommendation for new orders must be based on the continuous improvement of our processes, products, technology and costs.
- 6 - Our commitment to Shareholders, Employees, Customers, Suppliers and the Community is to contribute to its development and share results.

* Quality for Rudolph has a broad meaning. Therefore, it involves everything from planning to managing all processes; aims to meet explicit (requests) and implicit (wishes, culture, value) expectations; and, it focuses on the development of people and the preservation of the environment.

2 SUPPLIER SELECTION AND DEVELOPMENT

2.1 SELECTION PHASE

The Pre-evaluation analysis of the Supplier's profile applies to evaluate new sources, pretending Suppliers, locations and technologies previously unknown. The selection process for suppliers of raw materials / services, among others, is carried out through the Rudolph purchasing portal, together with the confidentiality agreement. Pre-evaluation of the Supplier's profile with a positive evaluation does not necessarily imply a hiring decision, however, the analysis of the potential for negative evaluation excludes the possibility of hiring.

2.2 APPROVAL PHASE

2.2.1 Visit and communication

Rudolph encourages the development of the Supplier through visits to our facilities, which must occur through an advance request from the Purchasing or Quality area.

Suppliers should not hesitate to ask when there are questions or need for technical assistance. We guide our Suppliers to direct their requests to Supplier quality management, which will be a facilitator for technical matters. However, if the matter is commercial, the contact must be directed to the Supply area. We reserve the right to visit the Supplier's premises at any time. These visits may include our Customer, when appropriate, and whenever possible, they will be scheduled in advance. If necessary, visit reports must be prepared by the Supplier or by Rudolph describing the subjects covered, the pending issues and the respective persons responsible for the solution.

2.2.2 Homologation

Rudolph selects its Suppliers according to the need, and the decision to choose is made by the Supply, Engineering and Quality areas. The Supplier of raw materials, components and / or services to be included in the "Rudolph Approved Suppliers Report", must meet the following requirements:

- Certification in IATF 16949 (desirable).
- Certification in ISO 9001 (Required).
- Environmental self-assessment check-list - adaptation to environmental requirements (AMB-002).
- Self - Assessment for the CQI-9, CQI-1, CQI-12, CQI-027 standards, when applicable.
- Rudolph System and Process Audit, when applicable.

In order to meet the requirements of IATF 16949: 2016, Suppliers of materials and services for Automotive items must, at a minimum, have their Quality Management System certified in accordance with

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NBR ISO 9001, with priority in new developments, suppliers with lower risk / better performance in IQF, and in its quality management system. For Suppliers that are not certified in IATF 16949 in its last revision, it is recommended to establish a schedule for the implementation of the requirements following the steps. Suppliers that fit in at least one of the critical situations below, should implement in their management system, an approved quality program / system that fully meets the minimum requirements of IATF 16949. Suppliers without certification are permitted in the Suppliers report approved by Rudolph only upon release from the Final Customer.

- The raw materials, components and / or services provided that can directly affect the quality of the product supplied to the Final Customer.
- Have generated field problems as an example (Final Customer complaints, recall, warranty returns, etc.);
- Cause significant impacts on the Rudolph process or on the Final Customer, such as (production stops due to shortages and shipping, caused by raw materials, components, products or services supplied outside the agreed specifications or deadline.

Unless otherwise specified by the Rudolph Final Customer, recommend the Supplier to follow the sequence below to achieve the implementation of the automotive standard requirements:

1. ISO 9001 certification through 3rd party audit; unless otherwise specified by the customer, suppliers must demonstrate ISO 9001 compliance by maintaining a third party certification issued by a certification body containing an accreditation mark from a recognized member of the IAFMLA (International Accreditation Forum Multilateral Recognition Arrangement) .
2. Certification in ISO 9001, in accordance with other requirements of the QMS defined by the Customer (as in the specific or minimum requirements of the automotive quality management system of sub-supplier suppliers through self-assessment.
3. Certification in ISO 9001 with compliance with specific and minimum requirements (MAQMSR). IATF 16949 through 2nd part audits.
4. Certification in IATF 16949 through third-party audit (valid certification from 3rd party supplier, by certification body recognized by IATF).

2.2.3 Process Audits / System

The audits of the process / system or monitoring of products / services are scheduled with the Suppliers following the premises of the quality management system having as reference, the method and the criterion of supply risk that is shown in table 1. These audits will also be evaluated meeting the

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minimum requirements of IATF 16949 when applicable. The objective of this audit is to improve the process of continuous improvement at the Supplier and to reduce and / or eliminate supply problems potentially reducing the degree of risk. Sources directed by the Customer or Direct-Buy Modality do not apply to the process / system audit of certifications, this source is now considered approved, according to the specific requirement of the Customer.

The Supplier that is more than 1 year without Supply will not have an audit schedule for the current year. If there is a request to reactivate the purchase for this source, a new audit schedule will be carried out.

Risk analysis				
Score	Certification	Supply Branch (Products / Services)	Overall rating of SQI (Supplier Quality Index) in the last year	Criterion
2	IATF 16949 1	Services in automotive chain products, does not provide safety items and is not an exclusive supplier. Other Sources Approved by Rudolph or Customer (Direct Buy)	>= 96,50% 1	LOW RISK <=6
4	ISO 9001 - IATF-16949 Implementation Schedule 2	Services in automotive chain products, classified as safety, is not an exclusive Supplier has more sources approved by Rudolph.	>= 84,99 a 95,49% 2	AVERAGE RISK >6 <= 16
6	ISO 9001 3	The Supplier is exclusive, the only source independent from the Supply Branch.	< 84,99% 3	HIGH RISK > 16

Table 1 - Table of criteria for risk analysis for active Suppliers.

Notes: The Risk Criterion is calculated by multiplying the three criteria above, level of certification X branch of supply X SQI classification of last year "New suppliers where there is no general SQI index, will be classified with weight 1"

Audit Frequency	
Risk Level	Frequency (up to)
Low Risk	5 years
Medium Risk	3 years
High Risk	1 year
Suppliers nominated by the Customer or Direct Buy	Dispensed
Quality Disruptions or Significant Deliveries that cause Rudolph or Customer line stops	60 days

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Table 1 - Frequency for System audits / Process.

The classification criteria according to the score obtained in the audit are:

Score	Classification
Greater than 90%	Approved
Between 70% and 90%	Conditional approved, requires action plan
Below 70%	Supply Failed or suspended until the implementation of actions

The action plan must be submitted by the Supplier in 15 days. If the Supplier has been classified as "Conditional Approved", the verification of the effectiveness of the action plan does not need to be done through a new audit, however if the Supplier obtains a score below 80, it must mandatorily undergo another audit, in order to verify all the evidence implemented at the Supplier's plant.

Suppliers of oils, chemicals that do not interact with material or dimensional characteristics of the products, disposable packaging (cardboard), and special tools are exempt from being audited. Suppliers of special tools are monitored internally through receiving inspections and developments are preferably with suppliers certified under ISO 9001.

2.2.4 Environmental assessment

Suppliers are requested to comply with the ISO 14001 standard, having preference for certificates Suppliers, or, as a minimum requirement, compliance with the Environmental Self-Assessment Check-List (Adequacy to Environmental Requirements), which is based on the legislation of the competent state environmental agency. This Assessment is valid for 3 years.

In Santa Catarina - Brazil, the state environmental agency responsible for adapting to the RUDOLPH Environmental Assessment Check-list is the Environment Foundation (IMA), which issues the Prior Environmental License - LAP, the Environmental Installation License - LAI and the Environmental License. Operating Environment - LAO.

This monitoring applies to all Suppliers that have some type of environmental impact (also related in the purchase order) in the RUDOLPH operation, such as: Suppliers of oil, chemicals, services, raw materials, recovery of industrial towels, disposal of oils, disposal of lamps or Suppliers to which our waste is transported and destined.

Suppliers of controlled chemicals must present the registration certificate issued by the Federal Police.

Maintenance Suppliers that use polluting gases (example: air conditioning maintenance) must present, at a minimum, the registration with IBAMA - Brazilian Institute of the Environment and Renewable Natural Resources and Oil collection Suppliers, must also present the certificate of ANP - National Petroleum Agency.

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Suppliers that transit with trucks in the RUDOLPH area are monitored in accordance with the Federal Legislation of Brazil, according to Portaria Minter nº 100 and Ibama 85/96, regarding the emission of black smoke. This monitoring is carried out with the Ringelmann scale (evaluation by the colorimetric density of the smoke), and when the Supplier has a blackness level greater than 2 (two), it is notified in order to act on the problem and avoid recurrence.

Critical Suppliers to RUDOLPH's Environmental Management System are considered: maintenance of air conditioning and air conditioning system, disposal of critical waste, re-refining of used lubricating oil, cleaning of industrial towels, surface treatment, lamp decontamination and companies that provide treatment services effluents.

For Critical Suppliers, environmental audits will be carried out by RUDOLPH in order to verify compliance with environmental requirements. This audit is valid for 2 years for Approved Suppliers and 1 year for Approved Suppliers with Restrictions.

2.2.5 Evaluation – CQI-9, CQI-11, CQI-12, CQI-027

These standards apply to Suppliers of heat treatment, surface treatment and painting (internal or outsourced) who are evaluated and must seek compliance with the following standards:

- ✓ CQI-9 – Heat Treatment System Assessment – HTSA;
- ✓ CQI-11 – Plating System Assessment;
- ✓ CQI-12 – Coating System Assessment.
- ✓ CQI-027- Casting System Assessment

The Supplier must perform the adjustment through self-assessment according to standard AIAG forms. The self-assessment must be appropriately completed with the respective action plan for the unmet or not applicable requirements. Rudolph also reserves the right to audit the Supplier when judge necessary. The frequency and request for this evaluation is annual.

2.2.6 Indicated Sources or Customer's Direct-buy Mode

When the directed purchase of a Source approved by the Customer is indicated, under the fulfillment of the specific applicable requirements or in the Direct Buy modality, Rudolph does not apply the selection requirements, certification level, approval process and in-person or remote auditing, provided for in this manual.

2.2.7 Laboratory Requirements and Service Providers

Calibration, metrology and testing Suppliers or calibration service providers for Suppliers are considered suitable, since the laboratories are accredited to the ISO / IEC 17025 standard, Brazilian national equivalent such as INMETRO, RBC, RBLE or that a second-party audit that meets the requirements of ISO / IEC 17025 or national equivalent is evidenced.

2.2.8 Advanced Product Quality Planning (APQP)

Rudolph wishes that all Suppliers of raw materials and services to use the APQP - Advanced Quality Planning and Control Plan tool for new developments, according to the AIAG manual, distributed in Brazil by IQA - Instituto da Qualidade Automotiva.

It is understood that the excellent communication between the Supplier and Rudolph during the APQP is fundamental to the success of the project.

2.2.8.1 Production Parts Approval Process (PPAP)

The submission required for the Production Part Approval Process (PPAP) to Suppliers of raw materials and services is level 3 (three), according to the PPAP Manual - 4th Edition of the AIAG. For materials and services, in which Rudolph does not supply parts to Customers in the Automotive segment, PPAP may be submitted at Level 2 (two). When it is necessary to submit PPAP at another level, we will communicate in advance.

The sample pieces or batches must be sent to Rudolph always accompanied by the PPAP documentation, according to the level of submission requested. If the system is not followed, we reserve the right to reject and return the parts or batch to the Supplier.

Parts shipped with PPAP must be removed from a significant production batch. This phase should normally be two hours, with the production quantity specified by Rudolph, being at least 30 consecutive pieces. Any difference should be discussed with Rudolph's Supplier Development Management area.

This production phase must be conducted at the local production, at the production rate, using production tooling, production meters, production process, production material and production operators in which the serial production will be carried out. In the case of bulk materials, the quantity produced must be of one batch during the linear operation of the process.

During the PPAP phase, any out-of-specification result is a reason for suspending the forwarding of a PPAP sample part / product, documentation and / or records. When this occurs, Rudolph must be notified immediately and the supplier must correct the process. If, when receiving the request for quotation of the item, the supplier identifies that it is unable to meet the PPAP requirements, Rudolph should be contacted before sending the quotation to determine the most appropriate corrective action.

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The documents requested in the AIAG of PPAP manual that strategically cannot be delivered to RUDOLPH must be available for consultation at the Supplier's facilities.

In order to meet the requirements of our end customers and the European Community regulations (Directive, 2000/53 / EC (End-of-Life Vehicle) regarding the prohibition and / or restricted use of heavy metals, such as Mercury, Cadmium, Lead and Hexavalent Chrome in vehicles and vehicle parts, suppliers must, when applicable, register the raw material and its chemical composition at IMDS (www.mdsystem.com) and the declaration of conformity in situations of development of new items or replacement of raw material and / or process changes and any other situations where this requirement applies and / or when required by Rudolph.

To send IMDS registration, use **ID 24931 - Rudolph Usinados**, the submission of this requirement becomes part of the PPAP documentation and is a mandatory requirement for its approval.

2.3 MAINTENANCE PHASE AND CONTROL OF THE SUPPLIER

Suppliers of raw materials and services are monitored through the SQI - Supplier Quality Index according to the criteria set out below:

2.3.1 Supplier Quality Index (SQI)

The Supplier Quality Index (SQI) is based on the following criteria:

- Quality of the product or service acquired - evaluation on each batch received
- Non-Conformity Index (Quality / Logistics / Customers) - monthly evaluation
- PPM index - monthly evaluation
- Delivery performance - for each batch received / delivery schedule / Special Freight.
- Commercial Performance and Service - quarterly evaluation
- Evaluation of the Supplier Quality Management System

2.3.2 Formula and criteria for calculation

Quality Index of the Product or Service Provided

Quality of Product or Service Provided	Score
Approved batch - Quality Assured	20
Skip-batch	20
Approved batch with restriction / concession	15
Batch disapproved	0

Non-Conformity Index

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This indicator aims to measure the effectiveness of action plans on non-conformities pointed out on receiving and problems identified in the receiving process, Rudolph production line or on Customers, which were generated by materials and services provided to Rudolph. If the corrective action plan sent by the Supplier is not accepted by Rudolph, the demerit will continue to be accounted for in the coming months until the “PAC” is approved by the Supplier Quality Management. Rudolph understands that after receiving notification of non-conformity and the responsibility of the supplier to carry out the necessary technical assistance.

PAC’s issued (PAC - Corrective Action Plan)	Score
No PAC issued in the current month.	10
Issued 01 or more PAC’s, and these were answered and approved by Rudolph on time.	5
Issued 01 or more PAC’s answered or disapproved after the deadline.	0

PPM Index

This Index is calculated according to the formula below:

$$PPM = \frac{(QNCR + QNCL)}{QF} * 1000000$$

QNCR = Number of non-conformities detected on receiving.

QNCL = Number of non-conformities detected in the Production Line / Customer.

QF = Total quantity supplied

Different targets were set for Suppliers of raw materials, casting and services, as this indicator aims to assess the competitiveness of the Supplier in relation to the same market segment in which it operates. Consider the PPM below, only for accounting for “hidden defects”, which can only be revealed after processing at Rudolph or for features that do not have 100% controls through variable or attributive control. For cases of apparent defects or divergences in relation to the dimensional or material specification, the process will follow the procedure for dealing with non-conformities PAC - Corrective Action Plan.

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Casting Criterion

PPM goal	Score
Up to 6000 PPM	15
Between 6000 and 9000 PPM	7,5
More than 9000 PPM	0

Criteria for Raw Material

PPM goal	Score
Up to 2000 PPM	15
Between 2000 and 5000 PPM	7,5
More than 5000 PPM	0

Service Criteria

PPM goal	Score
Up to 500 PPM	15
Between 500 to 1000 PPM	7,5
More than 1000 PPM	0

Delivery Quality Index

Delivery Performance	Score
Delivery on time	35
One (1) day delay / Special Shipping	0
Anticipation greater than five (5) days	0

Note: For the purposes of calculation, the dates foreseen in the purchase orders are considered, comparing the actual delivery dates of the material at Rudolph.

Must be sent by the Supplier The Critical Analysis of each purchase order received with confirmation of the material, quantity and delivery date. The Suppliers must previously negotiate any amendments in order to avoid stops in the RUDOLPH production line.

Commercial Performance and Service

This indicator consists of the evaluation of Rudolph's Suppliers in relation to the commitment to the Purchasing, Logistics, Quality sectors and the support that the Supplier continuously provides in relation to

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sustainable competitiveness. Suppliers are assessed through a questionnaire answered by the areas listed above, and the score considered in the SQI will be as follows:

Commercial Performance to Customer Service	Score
Excellent	8 a 10
Good	6 a 8
Bad	< 6

The assessment will be done normally every 3 months unless one of the areas responsible for the assessment identifies a significant improvement by the Supplier before this period.

Management System Quality Index

For the Supplier Quality Management System Evaluation criteria, a score is generated according to the most recent certifications, as shown in the table below:

Quality System	Score
IATF 16949 certified supplier	9
ISO 9001 certified supplier	6
Supplier without certification	0
ISO 14001 certified supplier	+ 1 points

Example: ISO / TS 16949 and ISO 14001 certified supplier will add 10 points.

$SQI = \Sigma$ of the score obtained on each item

2.3.3 Sending SQI performance to the Supplier

The Supplier Qualification Index is informed monthly for all Suppliers of raw materials and services included in the list of Approved Suppliers. We encourage our Suppliers to contact Rudolph questioning the performance of SQI, as we believe that this initiative strengthens the partnership between the Companies.

2.3.4 Supply block

A Supplier's supply block is based on the Supplier Qualification Index (SQI) monitored monthly. The Supplier that remains for 3 consecutive months in the "Bad" classification or "High Risk" assessment can be

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blocked from issuing new purchase orders until the presentation of an action plan or the performance of a process / system audit.

SQI classification table follows:

SQI – Monthly	Classification
Greater than 96.50 (goal)	Excellent
Between 80 and 96.49	Good
Less than 80	Bad

Note: After blocking, in order for the Supplier to supply again, the Supplier must present an action plan in order to classify at least as “Good / Medium Risk”.

2.3.5 Non-compliance report

When Supplier non-conformities are detected on the receiving, on the production line or in the field (Customer), Rudolph will issue a formal notification (PAC - Corrective Action Plan), which is forwarded to the Supplier.

The Supplier must be committed to the analysis of the cause, containment actions, appropriate corrective and preventive actions in order to solve the problem and avoid recurrences. After the closing of the actions, evidence of implementation should also be sent to Rudolph.

The deadline for responding to containment actions is 48 hours, the analysis of the cause and corrective / preventive actions is 10 days.

The conclusion of the Action Plan described in the "PAC" originating from the supplier, cannot exceed 60 days from the opening date, except when previously agreed between Rudolph or Supplier in an exceptional need.

The verification of the effectiveness of the actions carried out in the “PAC” may be done through the periodic process audits, follow-up visits at the supplier's plant or through the receiving of subsequent batch when the actions are finalized.

2.3.6 Containment action

If there are problems in the application of the supplied material, there is containment of the parts at Rudolph, the Supplier may be summoned, according to Rudolph's decision to carry out immediate containment in the Rudolph stock or to hire an outsourced company as chosen by Rudolph, for the realization of 100% inspection.

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After the initial containment of suspicious lots at the Rudolph plant, as described above, Rudolph will inspect 20% of the next 3 lots by contracting a outsourced company, which will make the financial arrangements directly with the Supplier. If the third party detects a recurrence of the problem in the sampling of 20% of the inspected lot, the Supplier will enter in controlled shipping level 1.

2.3.6.1 Supplier Plant Containment

The Supplier, when communicated through the PAC about the detection of a non-conforming product, if there is stock in its plant, must perform 100% inspection. These products must be identified by the Supplier as "100% Inspected" lots, the lot identification must be communicated to the Supplier Development area.

2.3.7 Scrap Parts

If necessary, scrapping of non-conforming material can be carried out at RUDOLPH. This should be negotiated with contacts from the Supplier Development area. RUDOLPH reserves the right to return or discard the non-compliant material in the manner that presents the best cost benefit when this is not done by the Supplier in due time, for example due to return costs.

2.3.8 Embarque Controlado

É um processo adicional de inspeção, criterioso, preferencialmente executado em local específico, separado da linha de produção, onde as características envolvidas no problema devem ser inspecionadas garantindo que peças não conformes sejam detectadas, segregadas e refugadas até que se tenha certeza que as ações tomadas agirão diretamente na causa geradora do problema.

2.3.8.1 Determination of the need for Controlled Shipping

If the organization's corrective actions are not effective, Rudolph determines the need for controlled shipping. One or more of the following issues can be considered in determining the Implementation of controlled shipping:

- Recurrent failures;
- Important line stops and / or interruptions;
- Severity of the problem;
- Inadequate containment action causing non-conforming parts to come to Rudolph or its Customers.

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Based on the severity of the problem, Rudolph will decide whether Level 1 or Level 2 is more appropriate.

2.3.8.2 Controlled Shipping Level 1

It is a process where the Supplier performs an inspection and review at its plant in addition to the inspections performed during the production process, to isolate Rudolph from receiving nonconforming material.

2.3.8.3 Controlled Shipping Level 2

If non-conforming parts at Rudolph are identified on controlled shipping Level 1, the Supplier will be placed on controlled shipping Level 2 automatically.

In this case, the inspection of the materials / products is carried out at the Supplier and Rudolph facilities, by a third party company (hired by Rudolph), which will represent Rudolph's specific interests in the containment activity. The third is approved by Rudolph and paid for by the Supplier.

2.3.8.4 Supplier Responsibility

When notified of entry into Controlled Shipping, Level 1 or 2, the Supplier shall take the following measures:

- Control all non-conforming parts at the Supplier, in stocks, in transit and at Rudolph;
- Provide a redundant / additional inspection area, separate from the normal production area;
- Review all necessary PPAP documentation and submit it to Rudolph again.
- Plan and implement corrective action plan;
- The Supplier is expressly prohibited from carrying out repairs and rework in the containment area. The containment process must be conducted independently of the production process, and when possible, a containment can be applied to the defect-generating process;
- Clearly define an efficient flow of material in the containment area, considering clear instructions and identification in order to avoid the possibility of mixing defective materials with approved materials considering the areas for entry and exit;
- Provide the respective identifications regarding the sending of the material to Rudolph, and agree with the Rudolph Supplier Management area the standard to be followed;

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2.3.8.5 Exit Criteria of Controlled Shipping

The period of stay in this regime will be linked to the criteria listed below:

- Inspection data without any record of non-conforming material in the inspection area for a minimum period of 90 days after the implementation of the action plan.
- Evidence that a complete problem-solving process was used and that the root cause of the problem was discovered and corrective actions were implemented and validated.

*** The Supplier shall keep the controlled shipment until receive a written permission from Rudolph for his exit.**

In addition to the aforementioned criteria, the Rudolph Supplier Management area may request changes of criteria as relevant in the periods and methods of controlled shipping.

If the Supplier does not submit the report on time, Rudolph reserves the right to analyze and block the Supplier for new developments or current orders until the pending matters are settled.

The Supplier is responsible for notifying Rudolph if non-compliant materials are shipped in order to properly contain them or prevent the opening of a PAC if the material has not yet been inspected.

2.3.9 Acceptance criteria of the product received

All materials received are inspected by sampling according to the control plan defined by our Engineering. The acceptance criterion used to evaluate the products upon receipt is defined according to standard NBR 5426 - NQA (Acceptable Quality Level) zero defect.

2.3.10 Delivery performance

Suppliers must meet delivery deadlines and quantities determined or negotiated at 100%, according to purchase orders.

This performance is monitored by the Quality department, which analyzes the divergences and sends the performance to the Suppliers on a monthly basis through the SQI, in order to promote corrective actions.

The non-compliance with the delivery deadlines, which generate special freights for our Customers, are monitored, and the costs are passed on to the Supplier. An action plan can be requested to prevent recurrences and mitigate.

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2.3.11 Performance of Supplier processes

Every six months, the Quality area evaluates the SQI - Supplier Qualification Index. Suppliers that obtain an average of less than 85% will be asked for some indicators to monitor the performance of their manufacturing processes, in order to identify actions to improve performance based on a risk analysis, as well as the controls currently used in the processes. The purpose of this evaluation is to assist in the continuous improvement and reduction of recurring problems that affect our SQI. If the Supplier is unable for some reason to send these indicators, Rudolph reserves the right to carry out an “in-loco” visit / audit..

2.3.12 Current supply

For each batch sent, the Supplier must submit the quality certificate of the products supplied, including the Chemical Composition (when applicable), the Dimensional Report and the Mechanical Tests or other requirements requested at the time of approval of the PPAP.

The Supplier must maintain a secure traceability system, so all materials and parts sent to Rudolph are traceable by the Invoice.

When not specifically specified for a product / service, the Supplier must retain, for a minimum period of 5 (five) calendar years, all records related to product control, such as: tests, inspections, reports, risk analysis, among others, made in the materials and products delivered.

2.3.13 Code of Conduct and social responsibility.

Rudolph expects its suppliers to have a minimum standard of social responsibility in accordance with use rights, with service being a mandatory component of all Rudolph businesses, covering aspects such as respect for its employees.

The Supplier must always act in compliance with all labor and social security laws applicable to its activity, including those related to freedom to remain in employment, compensation for working hours and working hours limits (regulatory and overtime).

Rudolph will not maintain a commercial relationship with any Supplier that uses forced labor or does not respect the current labor laws, the Supplier must maintain a safe and healthy workplace, where harassment (moral and sexual), discrimination (race, religion, sex, age or physical conditions) is not tolerated, fostering creativity and enthusiasm, in accordance with applicable health and safety laws.

The supplier must apply all security measures in conditions that are at least reasonable to the project, execution and supply of products and / or services. It is mandatory to report any deviation related to the security of a service and / or product offered to Rudolph.

Rudolph's code of conduct must be respected by the supplier, and is available on the website www.rudolph.com.br

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2.3.14 Layout Inspection

The layout inspection must be carried out annually, as long as a non-conformity is not detected, considering the dimensional characteristics, materials, and heat or surface treatment. Suppliers do not need to submit the results of this inspection to Rudolph's Quality Analyst, but must keep evidence of this in their plant for a period of 5 years, except for special features or safety items with mandatory documentation that must follow the retention applicable time.

2.3.15 Information Confidentiality

The Supplier must not disclose any information related to the developments of products / services Provided to Rudolph such as: drawings, models, specifications, standards or the name of the Customers to third parties that are not an integral part of the development process. Non-compliance with any of the provisions set out in this term will send the offending party to payment, or recomposition, of all the losses and damages suffered and estimated by the other party, including moral or competitive nature, as well as those of civil and criminal responsibilities.

2.3.16 Statutory requirements and regulatory and governmental

Rudolph carries out the pertinent verification of statutory and regulatory requirements during the validation of the parts manufacturing process considering the specifications exposed in the drawings and standards of the Customers, where applicable these specifications are extended to the Supply chain. Details can be described in the purchase orders, drawings, standards sent by Rudolph to its Suppliers, and because these Suppliers are the most qualified, they are the best knowledgeable of their products and as a consequence of the requirements applicable to them, it is the responsibility of all Supplier, without exception, meet the applicable requirements provided by them and designate the person responsible for the safety of the product / service provided.




2.3.17 Symbology of Special Features / Safety

Rudolph defines the list of special characteristics of Customers through the correlation with the symbology used by Rudolph, which can be identified by coding products / services, drawings / work instructions, applicable standards, etc.

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Rudolph Symbology	Nomenclature	Definition / Identification
	(Critical Rudolph Process)	Product / process characteristic in which variation outside the specification limits, can significantly affect Rudolph's internal processes.
	(Security, Legislation)	Product / process characteristics in which a variation can significantly affect the safety of the product or its compliance with applicable regulations. For the identification of security items and legislation, Rudolph includes the letter "S" in the codes of products / raw materials and services, translated into purchase orders, drawings, standards.
	(Assembly, Operation)	Product / process characteristics in which a variation can significantly affect Customer satisfaction with the product, such as assembly, function, fit, or appearance and ability to process or manufacture the product.

3. REFERENCES

ISO 9001; ISO 14001; IATF 16949; APQP Manual; CEP Manual; CQI-9 Manual; CQI-11 Manual; CQI-12 Manual; CQI-15 Manual; CQI-20 Manual; CQI-27 Manual; FMEA Manual; PPAP Manual; MSA Manual; VDA 6.3 (Process Audit).

4. REVISIONS HISTORY

Reviews	Modification Description	Implementation Date (dd/mm/yy)
20	Review of those responsible, Vision, Mission and Values and updating the SQI goal.	24/04/12
21	Updated the responsibilities of the Document Consensus: (Included Executive Director, appropriate the position of Business Director and Changed the position of Industrial Director to Operations Director. Updated items (Belief, vision, mission) and included Business.	08/08/12
22	General revision of the Suppliers manual.	10/05/13
23	Frequency of self-assessment CQI's removed	17/06/13
24	General Review of the Manual and Management Representative.	07/08/16

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25	General Review of the Manual and Management Representative.	22/03/17
26	General Review of the IATF 16949 Revision Manual	15/05/18
27	General Review of the Manual IATF 16949 Review - SQI Goals	18/06/18
28	Rudolph's ideology, Code of conduct and item 2.2.3 Process / System audits revised.	10/05/19
29	Updated Supplier Quality Management System Evaluation criteria for suppliers with ISO 9001 and IATF 16949 certificates. General translation into English.	20/08/20
30	Update of audit criteria, CQIs and sources directed by the Customer. General translation into English.	14/04/2021

***** THE END*****

Our zeal and responsibility for the environment encourage us to special care for the various existing processes in the company.

Although the generation of effluents and waste is low, they are neutralized and / or disposed of according to criteria consistent with our Principles, without polluting or degrading the environment.

All items covered in this Manual are guided by the Company Policy. These topics, if respected and fulfilled, constitute excellent means for the real achievement of the Satisfaction of our Shareholders, Employees, Customers and Suppliers.