

# Supplier Quality Manual



# Communication

One of IPL GROUPS major focus areas is to limit the number of interruptions in the daily process. Therefore, it is necessary to attain an appropriate level of quality in terms of communication between IPL GROUP and its suppliers and open, honest and transparent communication is essential to achieve this.

Changes in the organization or position of the contact person(s) at the supplier must be communicated to the relevant person(s) in IPL GROUP organization.

IPL GROUP uses English as preferred language, and our suppliers should ensure that they have the adequate language communication skills for their business to meet IPL GROUP requirements.

The performance and compliance of tier 2+ suppliers is always, without exceptions, the IPL GROUPS tier 1 suppliers' responsibility.

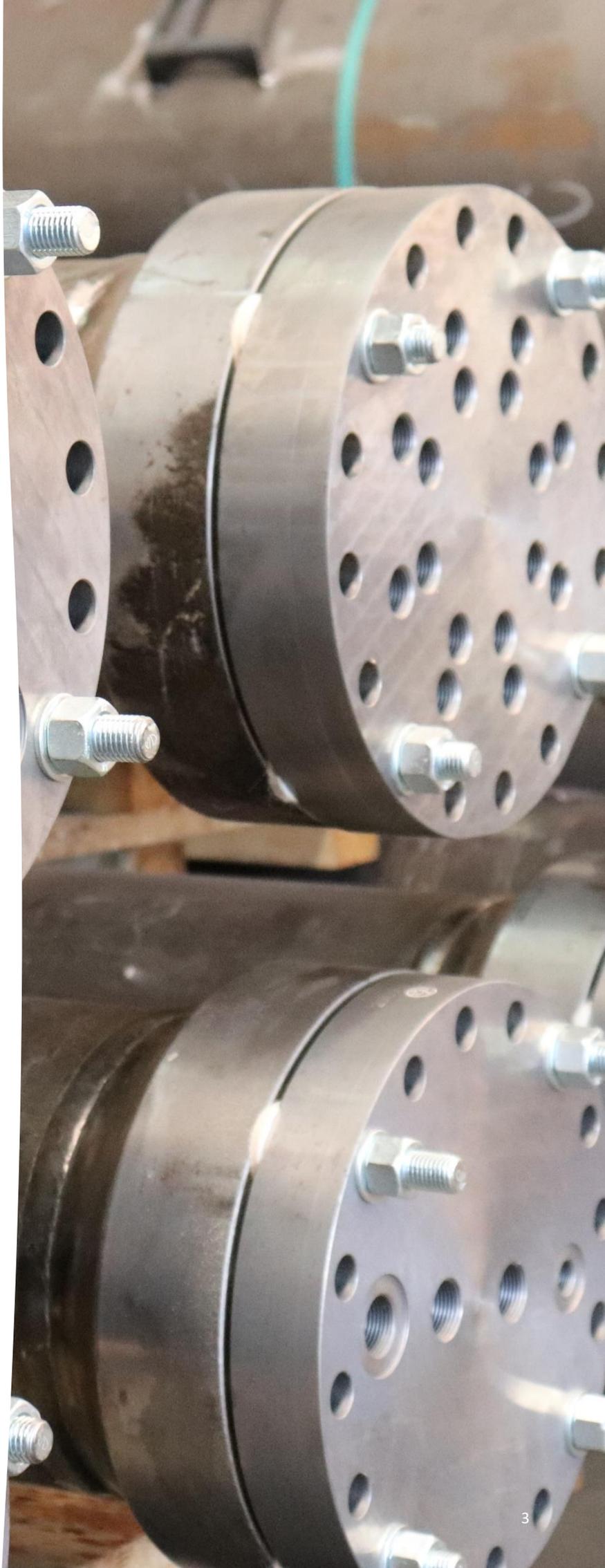


# Zero-defects strategy

As an IPL GROUP supplier, a strategy leading to a “zero defects” ratio for all services, parts, assemblies, and modules along the complete supply chain must be implemented, this must include defined internal and external quality targets in a joint-effort with IPL GROUP if relevant.

IPL GROUP do monitor both internal and external return rate, preferably based on parts per million (ppm), as well as internal and external defect cost. Assessment of the performance of the suppliers based on quality, delivery performance, support and results from questionnaires are done as needed. Critical suppliers are labeled as infocus suppliers. The suppliers are always informed of such labeling and may be required to create action plans with follow up for continuous improvements.

Upon request, the supplier shall allow IPL GROUP and/or IPL GROUP’s representative to audit the supplier’s compliance with the quality assurance measures described in this SQM. The supplier shall therefore, after prior notice on the date of such an inspection, grant reasonable access to the business premises and provide reasonable assistance during such audit. Furthermore, the supplier shall grant reasonable access to all quality related documents, records, data or other information on the production of parts as well as production processes of IPL GROUP products.



# Supplier Quality Assurance

Before a commercial order can be received, the supplier will be evaluated by IPL GROUP SQA and/or the responsible purchaser.

IPL GROUP supplier questionnaire is sent to supplier to be filled in if relevant. Occasionally IPL GROUP SQA/purchaser visit supplier to confirm answers.

If NCRs are found an action plan is established, which is commonly agreed upon between IPL GROUP and supplier before commercial order are submitted. IPL GROUP regularly re-evaluates existing suppliers through on-site or off-site evaluation.

IPL GROUP basic system demand is that the supplier is ISO 9001 and ISO 14001 or similar certified. If supplier does not have any certificates IPL GROUP will evaluate the need to perform an audit at the supplier's site.

DNV reserves the right to perform audit on behalf of IPL GROUP at supplier's premises.

The supplier Questionnaire is to be signed for new suppliers and to obtain master data, with yearly evaluation and possible updates for all suppliers.



# IPL GROUP Basic requirements on PPAP

When needed PPAP documentation according to the APQP guidelines will be requested by IPL Group.

The purpose of PPAP is to determine if all IPL GROUP engineering design records and specification requirements are properly understood and applied by the supplier. PPAP is intended to verify that products made from production materials, tools and processes meet IPL GROUP requirements and that the supplier production process has the potential to produce parts meeting these requirements during an actual production run at the quoted production rate. PPAP shall be completed from a significant production run, and PPAP documents are to be stored by supplier over the lifetime of a part.

PPAP is to be carried out or updated:

- On new parts which requires PPAP
- On changed parts under PPAP, governed by revision on drawing.
- Process changes at supplier for processes involving PPAP parts or processes (Includes sub supplier processes). This includes:
  - Changes in manufacturing process are planned, such as changes in manufacturing place or equipment/process in existing manufacturing place.
  - Change of material or material supplier
  - Change of sub supplier (for example heat treatment, surface treatment, etc.)

All changes to products or processes under PPAP must be submitted to IPL GROUP for approval or rejection in writing before implementation.

# Supplier nonconformity

All suspected supplier related quality nonconformities are reported with an NCR report in IPL Group NCR system.

If IPL GROUP does not receive an answer or receives an insufficient answer to an NCR report the case is escalated further, and the Supplier will be required to present an action plan. IPL GROUP can also choose to escalate further and visit supplier to “go and see” the process. The final step in the NCR escalation process is the submission of a “Escalation letter” to the supplier, and the supplier is put on hold for new businesses until the case is resolved.

Reasons for escalation include, but are not limited to:

- Late answer on short term or long-term actions
- Critical reports
- Potential production or delivery stop
- No trustworthy solution
- Re-occurring NCR

All communication from supplier regarding NCRs and action plans are to be directed at or include [quality@ipl.dk](mailto:quality@ipl.dk).



# Supplier nonconformity

Supplier responsibilities regarding NCRs handling:

- All communication/information is to be canalized through Inspection report/NCR report if issued.
- Take immediate and adequate actions to secure that IPL GROUP does not receive parts with the actual failure mode.
- Return the short-term containment action reply within 48 hours
- Confirm that items on stock has been sorted and inspection is introduced to ensure no more deviant parts are delivered to IPL GROUP.
- Within 48h select actions on deviant parts at IPL Group facilities. If no answer is received, the part may be scrapped at supplier's expense.
- Within 21 calendar days the supplier must submit the root cause of the NCR and a long-term Corrective and Preventive Action
- Update relevant PPAP documents and resubmit
- Remove rejected parts from IPL GROUP area within 5 working days. If not, IPL GROUP will remove, sort or store parts at suppliers expense.

Part or items under an IPL Group approved NCR must be labelled with an NCR approval label on two opposite sides of the affected shipment

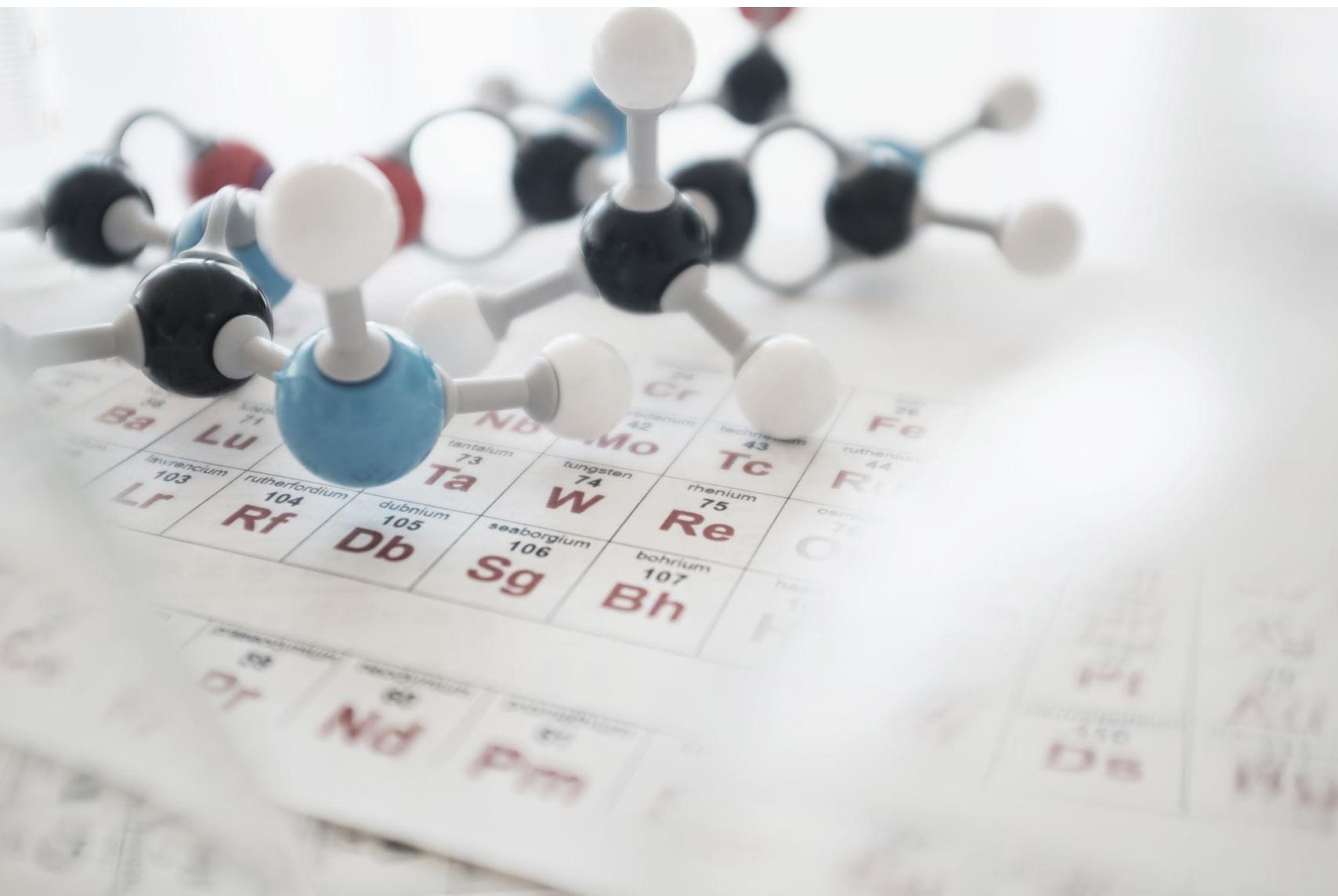
Claimed items must not be sent back to IPL GROUP without purchasing orders to ensure traceability.

# REACH, RoHS, Conflict minerals, SCIP, IMDS, declaration of content

IPL Group suppliers are required to comply to REACH and RoHS requirements and being able to document any use of conflict minerals/materials (3TG) within its supply chain.

The supplier is always responsible to inform IPL GROUP if or when it comes to its knowledge that any SVHC is present in product delivered to IPL GROUP.

For this purpose, IPL GROUP may require a declaration of content in accordance with PPAP. For chemicals and substances, a SDS is always required.



# Code of Conduct

All IPL GROUP suppliers must sign IPL GROUP Code of conduct before starting deliveries. The Code of Conduct is to be found on the IPL Group home page <https://www.ipl.dk/kvalitet-miljoe-csr/csr>.

The supplier shall comply with the respective statutory provisions governing the treatment of employees, environmental protection, and health and safety at work. Furthermore, the supplier shall work on reducing the adverse effects of its activities on human beings and the environment. The supplier must adhere to, and flow down through its supply chain, basic protection of international human rights, the right to collective bargaining, the abolition of forced labor and child labor, enforcement of anti-discrimination within the workforce, responsibility for environmental protection, as well as the prevention of corruption.

It is expected from the supplier to implement environmentally friendly supply chain processes with limited resource consumption. The latter includes the implementation of internal and external structures enabling the recycling of products at the end of their product lifecycles. In any case, the supplier is obliged to comply with all applicable laws regarding the protection of the environment and occupational health and safety.



# Signature

- I hereby confirm that “Name of recipient” have read through and understand this Supplier Quality Manual from IPL GROUP
- I hereby confirm that “Company name” complies with the EU REACH and RoHS Directive including the SCIP database

Date: \_\_\_\_\_ Signature: \_\_\_\_\_

Name and title of recipient:

Company name:

