SUPPLIER MANUAL

Revisions highlighted in blue

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SUMMARY

INTRODUCTION

Since 1989, starting with manufacturing tools for the aerospace and automotive segments, Prolind has had engineering in its DNA. Today the company is one of the largest aluminum profile and component manufacturers. We have two fully-automated extrusion presses in São José dos Campos and a full manufacturing plant for aluminum components.

Our Vision: "Being the best supplier of aluminum solutions."

Our Values are:

- We fulfill our promise
- We are customer focused
- Our conduct is governed by ethics and respect in relationships
- We are committed to safety, quality and sustainability
- Zero payment defaults
- We are driven by results, planned discipline and committed goals

OBJECTIVE

This guide is intended to:

- Provide information on procedures, requirements and recommendations for the following activities:
  a) Development of new suppliers, materials and services
  b) Acquisition of materials and services
  c) Supplier's performance monitoring
  d) Drive suppliers' development and continuous improvement
  e) Meet national and international standards, and customers' requirements

2.1 COMMITMENT

- Prolind is committed to working effectively in partnership from the product development process, not only restricted to the supply, in order to avoid errors at early stages
- Prolind is committed to working with suppliers who meet its quality requirements and business principles, supporting positive changes in quality, the environment and the work environment
- Urging suppliers to comply with the legal and their customers' requirements, and actively work to reduce impacts to the environment and to processes, services, products and people's health
- Supporting and monitoring suppliers' performance
- If non-compliance with an agreed specification is seen, corrective actions shall be requested, including the termination of the relationship

2.2 SCOPE

This guide applies to all of Prolind's automotive suppliers.

2.3 INTEGRATED MANAGEMENT POLICY

Prolind states its Integrated Management Policy (revision 02 of 08/10/2017) and expects all suppliers and partners to comply with the following:

AT PROLIND INDUSTRIAL WE MANUFACTURE EXTRUDED PROFILES, COMPONENTS AND JOINTS IN ALUMINUM AND STEEL FOR THE MARKET IN GENERAL, MEETING OUR CUSTOMERS' EXPECTATIONS. OUR ACTIVITIES HAVE AS A PRINCIPLE THE PREVENTION AND MITIGATION OF RISKS TO CUSTOMERS, THE ENVIRONMENT, OCCUPATIONAL SAFETY AND HEALTH AND THE COMMUNITY WHERE WE OPERATE. THEREFORE, WE ARE COMMITTED TO:

- OPERATING IN ACCORDANCE WITH LEGAL AND OTHER REQUIREMENTS APPLICABLE TO OUR BUSINESS
- PROTECTING THE ENVIRONMENT INCLUDING POLLUTION PREVENTION, SUSTAINABLE USE OF RESOURCES AND BIODIVERSITY PROTECTION
- IDENTIFYING, MONITORING AND ELIMINATING HAZARDS AND RISKS TO OCCUPATIONAL SAFETY AND HEALTH, AS WELL AS ACCIDENTS, OCCUPATIONAL DISEASES AND INJURIES, ALWAYS SEEKING THE WELFARE OF OUR EMPLOYEES
- ENGAGING AND ENCOURAGING OUR EMPLOYEES AND PARTNERS TO MEET OBJECTIVES AND GUARANTEE PRODUCT QUALITY
- INVESTING IN OUR EMPLOYEES' CONTINUOUS DEVELOPMENT, TRAINING AND AWARENESS
- CONTINUOUSLY IMPROVING OUR PROCESSES TO ENHANCE CUSTOMER SATISFACTION, ENVIRONMENTAL PERFORMANCE, BUSINESS SUSTAINABILITY AND OUR EMPLOYEES' INTEGRITY

3. REQUIREMENTS

Prolind encourages its suppliers to develop their own Management Systems to meet the requirements of ISO 9001, IATF 16949, ISO 14001 and VDA 6.3.

The supplier must have a quality organizational framework to meet Prolind's, its customers', society's / community's requirements and needs, and provide products within the desired quality, amount and timeframe. So, all suppliers for components and raw material must at least have their Quality System certified according to ISO 9001 and permits by relevant environmental agencies.

To develop the Quality System, Prolind recommends suppliers to use the following AIAG Guides in their latest editions:

- FMEA Manual - Potential Failure Mode and Effect Review
- APQP Manual - Advanced Product Quality Planning
- MSA Manual - Measurement System Analysis
- CEP Manual - Statistical Process Control
- PPAP Manual - Production Parts Approval Process

Prolind further expects suppliers to support our position regarding environmental aspects and impacts awareness, both in its own business and in relation to Prolind's business. This should be demonstrated by an appropriate management policy and an environmental program.

Suppliers are responsible for:

- Observing and complying with current environmental legislation and its requirements;
- Keeping any permits or licenses required by the environmental agencies up to date (operating license, transportation license, emergency plans, etc.), relevant to their activities, to provide Prolind with products and / or services
- Committing to sustainable development, pollution prevention and natural resources conscious consumption
- Keeping their environmental documentation up to date at all times and made available to Prolind, whenever revised / changed / revalidated
- Keeping all management system documentation submitted to Prolind up to date, informing whenever there are significant revisions, updates, as well as inform any accreditation withdrawal
- Managing legal, regulatory and statutory requirements in order to avoid interventions that may disrupt product supply and / or to Prolind

3.1 SUPPLIER'S DEVELOPMENT AND CERTIFICATION

3.1.1 APPROVAL

In order to start the supplier approval process at Prolind, the first step is to submit and receive the supplier's forms / documents defined at table FR 140-7 do Annex 2 (*not applicable for international suppliers*).

Second step: all documentation is reviewed by a supplier internal management committee. Once the potential for supply is identified, a visit to the supplier is scheduled, to learn about and assess the company.

For an automotive supplier, a Potential Audit is performed as described in the VDA 6.3 guide.

All new automotive suppliers must complete the self-assessment according to VDA 6.3 manual (chapter P1):

INDIVIDUAL ISSUES ASSESSMENT	
The requirements for the question have not been met	
The requirements for the question have been partially met	
The requirements for the question have been fully met	

RANKING		**Question-based assessment**	
		Yellow	**Red**
BANNED Supplier		More than 14	One or more
Supplier with POTENTIAL		Max.14	None
ELIGIBLE Supplier		Max. 7	None

After completing the form, the supplier must reach a minimum yellow score (POTENTIAL) to have a visit scheduled.

If the supplier is classified as BANNED to Prolind the development and approval process is terminated.

Suppliers indicated by the client are exempt from this self-assessment, but they will be subject to audits by the own client.

3.1.2 Contingency plan

Suppliers must have in place and submit to Prolind their Contingency Plans (e.g., alternative manufacturing resources, packaging, transportation, use of third-party capacity in cases of power outages, critical equipment failures and product returns) in order to ensure the supply of products and / or services at emergency events, excluding weather or another *force majeure*.

The contingency plan must include an action plan to guarantee the supply to Prolind in extremely serious cases that jeopardize the maintenance of the supply, with the necessary information so that actions can be initiated when required. All contacts should be listed and we recommend that, when applicable, the contingency plan should be tested to assess its actual effectiveness.

Items to be included in the contingency plans:

- Power outage (electric, gas, oil)
- Breakdown of key equipment or lack of utilities (compressed air, steam, air conditioning, cold water, etc.)
- Alternative sources for inputs
- Alternative logistics plan
- Lack of manpower
- Alternatives to the manufacturing process
- Tooling to repair molds and devices
- Contacts to acquire out of stock spare parts
- Cyber-attack reaction
- Other items considered relevant for organization

3.1.3 Appointment of product safety responsible

In compliance with VDA 6.3 requirements and our customers', suppliers must appoint and maintain the name of a product safety officer updated. This person should:

a) be trained on the legislation governing product safety;

b) Be a member of the management or senior management;

c) Have the authority to stop the manufacturing process, guide the product development and process, lockout shipments, and other actions that may be necessary, aiming at end customer protection.

During the second part audits, Prolind will require evidence of a system to manage safety item/characteristics requirements (when applicable), as well as the product safety officer's responsibilities in the job description. Upon acknowledgment of the guide herein, this person must be appointed, and such appointment absence is punished in the suppliers' monthly review.

3.1.2 Enabling ISO 9001 Non-Certified Suppliers.

For suppliers that do not hold at least an ISO9001 minimum certification, Quality area is responsible for requesting the client for the formal waiving / deferral.

3.2 Compliance with Regulatory and Statutory Requirements

Prolind encourages and monitors compliance with statutory and regulatory requirements (whether internal to Prolind or its customers applicable to its supply chain) for the provision of products and / or services.

It means that we base the selection of suppliers on our internal (statutory) requirements which comply with regulations (legislation).

The promotion and disclosure of such regulatory requirements is accomplished through workshops and monitoring from time to time.

Compliance with specific regulatory and statutory requirements identified by Prolind's customer is cascaded to the supplier, either at the local manufacturer level or importer / representative at the APQP or similar methodology. In the same way, Prolind suppliers must cascade applicable requirements throw the supply chain.

4. PPAP SUBMISSION

After approval, the supplier of manufacturing items or of items that impact the quality of the final product, whose application is for automotive customers, should submit the PPAP.

For the initial PPAP submission, the required level is 3.

If the initial sample is approved, as long as an initial batch is not requested, the supplier will have its assessment cleared. If Prolind requests a pilot initial batch, validation will only be cleared after the batch approval.

All samples must be delivered with proper identification, to the care of Prolind’s Quality.

Except for reasons of force majeure, in which case Prolind must be informed in advance, both the primary sample and the pilot batch shall be manufactured under the same operating conditions as a normal production batch, so that in both cases the manufacturing process capacity can be assessed. Therefore, after the beginning of the series production, the supplier must inform Prolind in advance whenever there is a need for any changes in the manufacturing process.

In case of change in the process or product, the supplier must submit a new PPAP, even if it is at the request of the customer or Prolind. The level of submission will be based on the criticality of the change.

Note 1: PPAP could be approved at supplier site through a process audit if Prolind deems it necessary, so the submission level will be 5.

Note 2: PPAP tests (functional and material requered by client) must be repeated every 12 months and submitted to Prolind.

4.1 Restricted Substances IMDS (International Material Data System):

To meet the requirements of our final customers and the European Community Directive (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 chromium in vehicles and parts of vehicles, suppliers should, where applicable, register the raw material and its chemical composition in the IMDS (www.mdsystem.com) and the declaration of conformity for new item development or raw material replacement of and / or process changes and any other situations where this requirement applies and / or when required by Prolind.

For the MDS submission, Prolind's ID is 58011.

For the MDS submission, Prolind Automotive Products ID is 207601.

4.2 PPAP APPROVAL

The PPAPs will be reviewed by Prolind and the status will be informed to the supplier. Depending on the type of application, Prolind will only approve the supplier's PPAP upon approval of the final item by the customer.

5. SUPPLY

5.1 Batch Quality Certificate

For all batches shipped, the supplier must send the Certificate of Quality through electronic media (preferably) or printed version with the invoice.

Failure to send the Certificate may result in the return of the Batch to the Supplier, and Prolind's Quality Department may issue a Corrective Action Request (SACP) for non-compliance.

Prolind will emphasize through the purchase order, contract, technical specifications, or other means, the need to send the materials and inputs certificates, as well as the channels to submit such certificates. Upon non-submission, the materials will be blocked for use and may be returned without any charges to Prolind.

5.2 Purchased Product Inspection

Prolind only performs receiving inspection by sampling, therefore any deviation found in the products purchased is the supplier's responsibility, as well as damages and stoppages caused by these failures. The costs resulting from the poor quality will be charged by Prolind, including the capacity rate of the area designated to control the low-quality costs.

Where appropriate, Prolind reserves the right to check the quality of the products purchased at the suppliers' own premises, as well as when set forth in the contract, this checking may extend to Prolind's customer or customer's representative.

This purchased product checking does not exempt suppliers from the responsibility of providing acceptable products nor prevent the subsequent rejection by Prolind.

5.2.1 Evaluation of Product by Prolind in Subcontractor's Facilities

When Prolind needs to inspect the product being procured at its subcontractor's premises, the checking arrangements and the method to be used to approve the product shall be in the purchase order or scope sent to the supplier.

Even if Prolind's customer inspects products which we outsourced at our supplier's premises, this inspection does not exempt these products from undergoing receipt inspection at Prolind. It also does not prevent the possibility of a potential subsequent rejection by the Customer.

5.3 Deviation Request

Products with a deviation are considered to be the product that has been manufactured or that for some reason needs to be manufactured with some characteristic that does not comply with Prolind's or the end client's specification. Products with deviations can only be sent upon agreement and approval by Prolind.

5.4 Layout Inspection and funcional tests

At least once a year (12 months after PPAP approval) a layout inspection and functional tests must be performed according to specifications (drawings and related standards).

Results must be submitted without request from Prolind.

6. MONITORING SUPPLIER'S QUALITY MANAGEMENT SYSTEM

6.1 Performance Assessment and Quality System - SUPPLIER'S RATING - IGF

The assessment for each supplier is carried out monthly, and the scores for the following items are automatically generated by an automatic system:

- Product's Commercial Assessment (ACP)
- Total Delivery Index (IQF)
- Delivery Punctuality Index (IPE)
- Supplier's Business Assessment (ACF)

The IGF is calculated by the formula: $\boldsymbol{IGF} = ACP + IQF + IPE + ACF$

6.2 ACP – Product Commercial Assessment (Responsibility: Purchasing Department)

The Product Commercial Assessment will take the following requirements into account:

Requirement	Maximum score
Unit Price (PU)	1,00
Payment terms	1,00

6.3 IQF - Total Delivery Index (Responsibility: Purchasing Department)

The Total Delivery Index is where the score reflects the number of items delivered according to the order:

Number of Parts According to Purchase Order	Score on the Indicator
95 to 100%	18.00
75 to 94.99% or 101 to 110%	9.00
Below 74.99% or above 110%	0.00

6.4 IPE – Delivery Punctuality Index (Responsibility: Purchasing Department).

The Delivery Punctuality Index is where the score reflects the delivery date of the order as agreed.

Condition	Parameter	Grade
Anticipation or delay	Up to 2 days	15.00
Delivery delay	From 3 to 5 days	8.00
Longer Delay	5 days	0
Earlier Anticipation	2 Days	0

6.5 ACF – Supplier's Commercial Assessment (Responsibility: Quality)

Item	Description	Requirement	Score
1	AUDIT VDA 6.3 *	Supplier Audit VDA 6.3 grade “C” or “B” without action plan	0
		Supplier Audit VDA 6.3 grade “B” with approved action plan	7
		Supplier Audit VDA 6.3 grade “A”	10
2a	CERTIFICATIONS	Certification ISO9001 / Approved waiver request No waiver	3 1 0
2b		Certification IATF16949 Action Plan result from audit MAQMSR/equivalent	10 5
2c		Certification ISO14001 / Approved waiver request No waiver	5 2 0
3	PRODUCT NON CONFORMITY	**AT PROLIND’S CUSTOMER** It includes: Customer notifications of special situations related to quality or delivery issues (line shutdown), Distributor’s return, guarantees, field actions and recalls. 0 occurrences 1 or more	19 0

		AT PROLIND Zero complaints (SACP) during the month One complaint during the month More than one complaint during the month and/or delays at SACP	 4 2 0
4	CIVIL RESPONSIBLE FOR PRODUCT SAFETY (PSB)	Civil Responsible for Product Safety Nominated Civil Responsible for Product Safety not Nominated	2 0
5	SUPPLIER MANUAL PROTOCOL	Protocol signed Protocol not signed	2 0
6	SPECIAL FREIGHTS	No occurrence One or more occurrences	1 0
7	PRODUCT CERTIFICATES	Product Certificates Received with Deliveries Product Certificates Not Received with Deliveries	4 0
8	PPAP	PPAP documentation complete No PPAP or incomplete PPAP	6 0
9	CONTINGENCY PLAN	Contingency Plan submitted Contingency Plan not submitted	2 0
		Possible score	**65**

*New suppliers that did not receive VDA 6.3 audit start with max score (10 points).

6.6 IGF - Supplier's Overall Rating

To assess suppliers, each item is particularly significant to the calculation of the IGF, being:

Assessment Item	Maximum Percentage
Supplier's Business Assessment (ACF)	65%
Delivery Quality Index (IQF)	18%
Delivery Punctuality Index (IPE)	15%
Product's Commercial Assessment (ACP)	2%
Total score	**100%**

6.7 Supplier's Final Rating

After completing the IGF, suppliers are rated as A, B or C, following this priority order.

The system scoring is as follows:

Requirement	Rating
Supplier with "A" 92 to 100	APPRO+ – Approved without restrictions (priority for new supplies)
Supplier (manufacturer/services provider) with "B" higher than or equal to 82 to 91.99 **Supplier (distributor) with** "B", entre 71 e 91,9	APPRO – Approved (to be monitored)
Supplier (manufacturer/services provider) with "C", lower than 82 **Supplier (distributor) with** "C", lower than 70	REPR - Disapproved to supply - 3 months in a row

Note: The Quality Department in agreement with the Purchasing area authorizes the supplier with a "Disapproved – grade C" status, so that purchases can be made under condition. This should be based on the production need information provided by the PCP, supplier's criticality, absence of technical option approved by the customer, when applicable.

The Interim Approval must be based on a corrective and preventive action plan submitted by the supplier.

6.8 Data Generated by the IGF

Data entered in the IGF monthly will be input information to monitor suppliers' performance indicator by the Purchasing area.

In each new negotiation to supply to the automotive chain, the commercial competitiveness is analyzed by Prolind that chooses suppliers considering also the following:

1- Best price
2- Score in the IGF
3- VDA score
4- Best delivery time
5- The company's strategy to develop new source
6- Risks involved

6.9 Supplier Disqualification System

The Purchasing area with the Quality team, may disqualify the supplier based on its inability to meet delivery quality levels, delivery timeliness and minimum requirements of the Integrated Management System according to the IGF result.

Upon decision to disqualify the supplier, it is blocked in the Prolind system, thus making it impossible to issue new orders.

6.10 Notification system for low performance IGF

For the second consecutive month of underperformance, the supplier is advised to take action internally to restore performance.

For 3 consecutive months of performance below the expected minimum (below B), a robust and structured action plan to improve their performance should be established with the supplier

If the supplier does not reach the minimum score again in the 4º month, it should be reviewed whether the reason is recurring or not. If not, take action for the new occurrence.

If the IGF score is below the minimum for three months, the following actions are needed:

a) Search for new sources.
b) Supplier's Disqualification

Prolind begins the supplier's disqualification process when the planned actions do not have the expected results or when the supplier does not show any interest in meeting Prolind's expectations.

6.11 Audits at the Suppliers

Prolind audits its suppliers in the automotive chain. Audits performed by Prolind's eligible auditor or a third-party hired by Prolind. The schedule is agreed in advance with the suppliers and the confidentiality of the data collected in the audit process is assured.

6.11.1 VDA Audits - Process and Product

Prolind uses the VDA standard 6.3 and Formel Q Concret VW (supply chain VW, including product audit VDA 6.5).

VDA 6.3-based audits assess the supply potential of prospect suppliers and also current suppliers in a specific type of process, for whom this audit can be used to validate a new type of process, technology, location or new product, and validate maintenance of good operating practices.

6.11.2 Audits compliance with the management system IATF 16949

Prolind uses IATF 16949 as a basis for suppliers who are not certified in this standard and supply to the automotive segment.

These audits are mainly intended to show the supplier's management system and / or manufacturing process compliance and suitability to this standard. This audit will also be used by the supplier as a guidance to get the certification in the IATF 16949 standard.

6.11.3 Audit frequency and criteria

These audits will be performed according to a pre-defined schedule.

For VDA audits: Any requirement with a score lower than 10, the supplier must submit an action plan to adapt and meet this requirement.

Suppliers with a "C" grade in this audit must be re-audited within a period of less than one year. Suppliers with a "B" grade, must be re-audited within a period two years. Suppliers with "A" grade must be re-audited within a period two years.

For IATF audits: Non-compliances and / or improvement opportunities are introduced through audit report.

In both cases, the action plan must be submitted to the Purchasing department within 15 days and the actions will be monitored, and evidence must be sent to confirm their completion.

6.11.4 Audit Prioritization

The following sequence shall be followed during analysis by the supplier management group:

1. New Suppliers
2. IGF grade (prioritize suppliers with lower grades)
3. Risk Analysis
4. Security Items
5. Suppliers with a "C" grade in the last VDA 6.3 audit
6. Suppliers with frequent and / or recurring PCARs

6.12 International Suppliers

International suppliers are exempt from process audits as long as they have a customer's assigned letter. Prolind requires these suppliers the maintenance of their certifications and sends non-quality notifications, as well as following up on necessary corrective actions. For suppliers who do not have an assigned letter, second-party audits are scheduled prior to supply.

For these suppliers, Prolind requests to sign the protocol (item 17), submit copy of PSW approved by customer and PSB Protocol (item 18).

6.13 Distributors

They are exempt from process audits.

Must be ensured the purchase of products from ISO9001 or IATF certified sources and, and must be requested from the manufacturer the PPAP of the items to be supplied. Also the certificate ISO9001 must be submitted to Prolind.

All deliveries require raw material certificates (quality product certificate).

No environmental documentation required.

6.14 Supplier's Performance Reporting

The supplier's performance will be monitored monthly and made available on Prolind's website for access and self-control. When necessary, the Quality area will make occasional notifications / alerts, to suppliers that present irregular performance.

7.0 WORKSHOP WITH SUPPLIERS - AUTOMOTIVE CHAIN

A workshop with the group of suppliers may be held on an annual basis to introduce or give out the Supplier Manual, align market perspectives, set performance targets, customer's requirements, significant changes in standards, among other matters relevant to suppliers in this sector.

If there are no relevant changes in the aspects mentioned above, this event can be held every 2 years.

Suppliers who do not join the workshop are similarly instructed through Distance Learning of the subjects covered in these Workshops.

8.0 NON-COMPLIANT PRODUCT

8.1 Request for Corrective and Preventive Action and Rework - PCAR

For non-compliant batches, a PCAR will be sent to the supplier by the Quality department, and answers should be submitted according to the deadline below:

- Containment Action: 24 hours
- Corrective Action: 7 calendar days

Prolind may pay a technical visit to assess the efficiency actions planned in the PCAR.

In case of recurrence, Prolind may carry out a technical visit / audit to evaluate the process of the item in question.

Note: If requested, the supplier must send team to select and / or rework at Prolind's plant. If the supplier does not send a team, Prolind reserves the right to carry out the rework or selection and charge the full costs to the supplier.

8.2 Cost of Non-Compliant Product

Prolind shall pass on all non-compliant product costs that have added value in previous or subsequent processes.

Non-compliant product costs are related but not restricted to:

- Direct labor
- Indirect labor
- Packaging
- Transport
- Food
- Lodging
- Assembly components / subcomponents
- Functional tests
- Laboratory tests
- Change/reposition of defective parts
- Recall/field returns Expenses

Prolind will pass on the costs of other items not listed above regarding subsequent processes if they are identified.

9.0 OBJECTIVES AND GOALS FOR QUALITY MANAGEMENT SYSTEM

Prolind intends to develop in its automotive chain suppliers its Quality Management System with the ultimate goal of becoming certified in the IATF16949 Automotive standard. Prolind informs to all its suppliers in the automotive chain the QMS' development objectives and goals, according to the criteria described below:

- Minimum level: ISO 9001 certification, through third part certification.
- For suppliers who have the ISO 9001 certification, their initial goal is to maintain the certification and also to meet the IATF16949 specific requirements according to the criteria evaluated and established by a Prolind multidisciplinary team. These criteria are based on risk analysis, audit history and IGF score, with the ultimate goal to get the IATF16949 certification.
- All suppliers must have the goal the development in IATF16949 requirements.
- For suppliers who are already IATF certificated, the objective is to maintain the certification.

Note: ISO 9001 certification is accepted in accordance with other customer-defined QMS requirements (such as the Sub-Tier Automotive Automotive Quality Management System Minimum Requirements [MAQMSR] or equivalent) through second party audits.

Prolind may perform QMS audits of its non-IATF certified suppliers for the following purposes: supplier risk assessment, supplier monitoring, QMS development, product audits and process audits.

9.1 Manufacturing Process Monitoring

The supplier must monitor its manufacturing process performance by using graphs, applicable indicators such as productivity, lead time, etc. This monitoring will be checked during process audits performed by Prolind, when necessary.

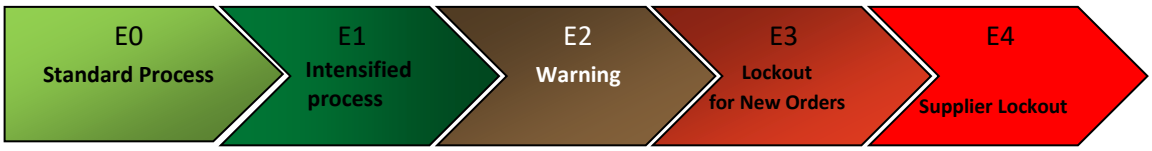
9.2 Continuous Improvement

The supplier shall use and improve fault-prevention methods such as:

- Failure Mode and Effect Analysis (FMEA)
- Statistical process control (SPC)
- Problem solving Methods, etc.

10. SUPPLIERS' ESCALATION PROCESS

Prolind's escalation process for raw material suppliers and outsourced services.



Escalation Levels

10.1 Escalation level E0 - Standard Process

In the standard process (Escalation level E0), supplies are inspected by Prolind according to internal systematics, through normal processing on receipt, and rejected in case of deviations from the specification.

After a rejection, the Quality department requests from the supplier through the SACP, 100% inspection control over the next 3 supplies. This request applies to the feature and the rejected product.

10.2 Escalation level E1 - Intensified Process

If quality problems caused by the supplier build up, Prolind may set more stringent requirements to inspect products at the suppliers. The Quality Department sets the escalation level E1 and formally informs the supplier's management on these conditions.

If the supplier, after the appropriate corrective actions, has not had further rejects for a period of time established by Prolind, the grading level goes from E1 to E0 and it is communicated.

10.3 Escalation level E2 - Warning

If during the time that the supplier is classified at escalation level E1 more quality issues are identified, Prolind can increase the escalation level. To this end, the Quality Department sets escalation level E2 and informs the supplier's management formally.

In case of particularly critical non-compliances, level E2 can be set without prior classification in E1.

If the supplier, after the appropriate corrective actions, has not had further rejects for a period of time established by Prolind, and has met the additional conditions, the escalation level goes from E2 to E1 and is formally communicated.

10.4 Escalation level E3 - Temporary Lockout for New Orders

If all activities do not lead to a clear improvement in quality, or if the escalation E2 period gets too long (more than 6 months), the Quality department temporarily blocks the supplier for new projects / products orders, communicating internally the supplier's status.

The Quality Department formally communicates the lockout to the supplier's management, which also sets the criteria to be met for the suspension of the Temporary Lockout for New Orders.

Other reasons for issuing the Temporary Lockout for New Orders may be:

- The quality management system certification has been expired for more than three months or is invalid/without revalidation forecast;
- Poor supplier cooperation in corrective actions (audits, complaints);
- Low reliability of supply
- Grade "C" in the VDA audit

The "Temporary Blockade for New Orders" status is withdrawn only after the Quality checks the effectiveness of the corrective actions, formally communicating the supplier.

Note: In the case of approval audits, grade E3 can be set without prior classification in E1 and E2, and prevents continuation of supplier approval as long as detected situations are not resolved.

10.5 Escalation level E4 – Disqualification

If even with Prolind's support, the significant quality improvement or the conditions set are not met, the supplier is permanently excluded from new business and the supplier is changed as soon as possible, always under Prolind's customer approval.

Note: Other actions may be established as agreed between the Quality and Purchasing Departments.

10.6 Conditions

10.6.1 Level 1 Controlled Shipment

Level 1 controlled shipment (N1) means that the supplier, in addition to the normal scope of inspection, must perform a 100% inspection prior to each delivery to Prolind on established material total and features.

These, as well as the documentation requirements, are communicated by Prolind to the supplier in the status report.

The products inspected as well as their packaging are marked in a special way. The type and content of the marking must be outlined together with Prolind.

10.6.2 Level 2 Controlled Shipment

Level 2 Controlled Shipment (N2) means that the supplier, in addition to the normal scope of inspection, must commission an external service provider to perform a 100% inspection prior to each delivery to Prolind established material total and features.

These, as well as the documentation requirements, are communicated by Prolind to the supplier in the status report.

The supplier must prepare a working instruction for the external service provider, which must be previously approved by Prolind. The supplier is responsible for the correct execution of the inspection, for the documentation of the results and for the quality of the products supplied.

The products inspected as well as their packaging are marked in a special way. The type and content of the marking must be outlined together with Prolind.

11. SERVICE PROVIDERS INTEGRATION

- Not applicable for international suppliers

12. IDENTIFICATION, PRESERVATION AND PACKAGING

12.1 Labels

Unless otherwise specified, the product or part supplied must be identified with the following information:

- Product description
- Supplier's name
- Prolind's product or part code
- Expiry date (if any) must be legible and prominent
- Batch number
- Total number

12.2 Customer Owned Products: Tooling, Equipment and Products.

Products supplied by Prolind and / or customers (products, tools, test media, packaging, transport) must: be tagged as "Prolind's Property"; easily accessible and well maintained.

For tools owned by the end customer, the identification must be as agreed with Prolind. The supplier is responsible for checking, storing, transporting, handling, preserving the quality (expiry date) and identifying the property. Deviations and malfunctions should be reported to Prolind Logistics / Commercial contacts.

12.3 Packaging

The packaging must meet Prolind's customers' needs for each product and / or specifications, and during the development process the supplier must agree with Prolind on the type of packaging to be used.

All packaging sent to Prolind must have unambiguous identification, thus avoiding failure to track batches. It is the supplier's responsibility to remove all identifications from the returnable boxes (wood, plastic, pallets and etc.) and these packages must contain only the unambiguous identification.

Note: If the packaging has an invalid identification, the Quality Department will formalize the non-compliance through a non-compliance report (SACP) and if the supplier does not send a team to correct the issue, Prolind reserves the right to charge the costs to the supplier, according to item 8.2.

13. CONFLICT ZONE MINERALS

Prolind is concerned with the origin of the minerals used in the manufacture of Aluminum. These minerals should not be obtained from countries considered as conflict zones.

14. CERTIFICATION UPDATE

It is the supplier's responsibility to keep Prolind updated on its Quality, Safety and Environmental System certification upgrades. After the certificates' expiration date, if Prolind has not received the updated

certificates, they will be considered invalid, and demerits will be applied to the monthly supplier assessment.

15. CHANGE IN PRODUCT SPECIFICATION AND / OR APPROVED PROCESS

Changes in manufacturing process, product design, components, packaging, contractors or change in the manufacturing site of previously approved products shall follow the recommendations of the most recent edition of the PPAP Manual and / or as established by Prolind.

No technical change is allowed without Prolind's prior consent.

The supplier must report any changes in the approved manufacturing process, in a timely manner to properly evaluate the change request

16. GENERAL SUPPLY CONDITIONS

Prolind hereby establishes all conditions and regulates the supply rules in accordance with Annex I (*not applicable for international suppliers*).

17. MANUAL'S ACKNOWLEDGEMENT PROTOCOL

The Supplier Manual herein sets all the supply requirements and rules for Prolind.

We emphasize that your acknowledgement regarding these requirements is mandatory. The protocol should be signed and submitted to Prolind's Purchasing and Quality Departments. It is worth emphasizing that the requirement of signing commitment terms is the usual market practice and required by our main customers as a mandatory requirement. Prolind has always met all its customers' requirements, so it could not avoid covering this requirement throughout its supply chain. We request your acknowledgment by filling in the following fields.

We have received the Supplier Manual **(Revision 10 - DEC / 2019)** and confirmed there are no doubts. We hereby declare to be in full agreement with the requirements and with its effective date, eliminating any previous edition.

Supplier: _____

Person in Charge: _____

Dept./Position: _____

Phone: _____

Date: _____/_____/_____

Signature: _____

Comments: _____

Send this scanned page to Purchasing (suprimentos@prolind.com.br) and Quality Departments (qualidade@prolind.com.br).

18. PROTOCOL ON PRODUCT SAFETY RESPONSIBILITY

We have received the Suppliers Manual **(Revision 10 - DEC / 2019)** and confirmed there are no doubts. Also, as a requirement, we have appointed a person in charge for product safety, we state their name, position and signature below:

Supplier: _____

Person in charge for product safety: _____

Position: _____

Signature: _____

Phone: _____

Date: _____/_____/_____

Comments: _____

Send this scanned page to Purchasing (suprimentos@prolind.com.br) and Quality Departments (qualidade@prolind.com.br).