

## **1 INTRODUCTION**

Precomp's vision is, in short, about being a sustainability-conscious partner for customers with high demands on safety, quality, delivery precision and flexibility.

### **1.1 Requirement**

The purpose of this manual is to present Precomp's requirements regarding supply of products, materials, and services. The supplier is responsible for keeping up to date with the correct version of this document. The latest edition can be downloaded under Way of work\Purchasing at [www.precomp.com](http://www.precomp.com).

Precomp requires that the supplier:

- Delivers the right product/material/service in the right quantity with the right quality on the right time.
- Commits to living up to Precomp's Code of Conduct.
- Actively works with established sustainability goals in line with UN's Agenda 2030.
- Has a documented quality management system according to at least ISO 9001.
- Follows and applies Customer-specific requirements that are distributed via email.
- Complies with and applies laws and regulations.
- In the event of delivery and/or quality problems, immediately notify the appropriate contact person at Precomp.
- Delivery/Forecast communication must be transferred via EDI. Exceptions may be allowed by separate agreement. Deviations are communicated via email or telephone.

### **1.2 General**

Precomp's guidelines and requirements are based on:

- Our customers' specific requirements
- The latest version of IATF 16949 quality management system and ISO 14001 environmental management system
- The routines and instructions that permeate Precomp's management system

These requirements and guidelines apply to Precomp's orders and inquiries. However, this "Handbook for suppliers" does not reduce or replace the specific requirements agreed for the product/material/service. This publication is a supplement for our suppliers, to present and make our expectations understood.

### **1.3 Questions**

For comments and questions, please refer to the contact list on Precomp's website [www.precomp.com](http://www.precomp.com).

## **2 SUPPLIER ASSESSMENT**

According to Precomp's purchasing routine, supplier assessments are made on both existing and new suppliers. Existing suppliers are followed up regularly with regard to delivery precision and quality performance.

### **2.1 Follow-up**

Precomp carries out ongoing follow-up on the quality and delivery situation for our suppliers. The follow-up is based on quality and delivery deviations. The supplier is assumed to deliver with 0 deviations.

In the event of deviations of such a nature that significant disturbance occurs for Precomp, an escalation process can be initiated. The escalation decision is based on the supplier's ability regarding:

- Deviation reports
- Delivery precision
- PPM

The supplier can also be escalated based on disturbances that cannot be directly attributed to deviation reports, delivery precision and PPM. The escalation process begins with Precomp contacting the supplier. An action plan is then established.

## **3 REQUEST FOR QUOTATION**

### **3.1 Quotation**

Precomp does not approve any additional costs for starting up or phasing out the product/material/service. The quotation must always be in accordance with the specification on the request. All deviations must be documented in writing in the quotation.

### **3.2 Product critique**

Product critique can be reported at each quotation. If the quotation is without product critique, the supplier admits that the product/material/service can be delivered completely according to specification.

## **4 INITIAL SAMPLES**

All requirements regarding orders from Precomp are reported below.

### **4.1 Manufacturing of initial samples**

The supplier must verify through its own testing that the requirements according to Precomp's specifications are met before delivering the initial samples. This applies to both in-house manufactured as well as purchased products.

Initial samples must be made from raw materials from the same sub-supplier and in the same production equipment and process flow that will be used in coming series production. Any deviations from this must be notified to Precomp in good time before delivery of the initial samples.

### **4.2 PPAP**

Precomp expects PPAP documentation according to level 3, unless otherwise agreed.

### **4.3 Delivery of initial samples**

Initial samples must be sent under a separate delivery note, separate from other deliveries.

Address labels and delivery notes must be marked "INITIAL SAMPLES". The associated documents must always accompany the goods. Initial samples sent to Precomp without the requested documentation are considered incomplete.

All orders regarding both prototypes and initial samples must be confirmed and any deviations must be notified to the contact person at Precomp as soon as possible.

## **5 SERIAL DELIVERY**

No serial delivery may take place before Precomp has signed-off the associated PSW.

### **5.1 Forecast and call-off**

Precomp can provide the supplier with a rolling 12-month forecast. Communication is carried out electronically according to the agreed format. As the forecast has been received, the supplier has approved the coming deliveries. Precomp therefore needs no order confirmation.

If the supplier is unable to deliver according to the latest forecast, it is always the supplier's responsibility to contact Precomp immediately to discuss possible rescheduling.

## **5.2 Capacity & Flexibility**

The supplier must deliver products/materials/services according to Precomp's call-off. It is essential that the supplier can handle volume fluctuations between forecast and actual call-off, generally corresponding to 20 %. This should be done primarily through flexible production and secondarily through safety stock.

## **5.3 Lead time**

A supplier to the automotive industry (which is the case as a supplier to Precomp) must comply with the specified lead times in the supply chain, defined as time from call-off to delivery.

- Supplier of raw materials (steel, aluminum, copper, etc.): 10 working days
- Provider of contract services such as heat treatment and surface treatment: 5 working days
- Provider of contract services such as grinding and turning: 7 working days
- Supplier of fasteners and components: 5 working days

## **5.4 Packaging and labeling**

All packages, delivery notes and invoices sent to Precomp must be marked as follows:

- Precomp's part number
- Precomp's order number
- Quantity
- Others as described in the purchase order

Labeling should be in accordance with the Odette standard. Exceptions are allowed after approval by Precomp.

Packaging of the product/material must be in accordance with the purchase order, or what has been agreed separately. If packaging information is missing, the supplier must arrange packaging in such a way that the product/material can not be damaged in any way.

## **5.5 Batch control**

If Precomp's product includes a batch number, different batch numbers must not be mixed in any contract service (such as heat treatment or surface treatment), in packaging or on pallets.

# **6 ACCOUNTING**

## **6.1 Invoicing**

Invoices to Precomp must always be marked with the purchase order number and reference.

Precomp prefers electronic invoicing (pdf) via e-mail to [invoice@precomp.com](mailto:invoice@precomp.com).

Postal address for invoicing is:

Precomp Solutions AB  
Box 194  
523 24 Ulricehamn  
SWEDEN

Payment terms are 60 days net unless otherwise agreed. Interest on overdue payment is paid in accordance with the Swedish Interest Act, no late fee is payable.

## **6.2 Credit note**

In case of a complaint (see 7.1), price difference or wrong quantity delivered, the supplier must issue a credit note upon request.

## **6.3 Inventory**

The supplier performs a physical inventory of Precomp's parts, once a year. Documentation for the inventory is provided by Precomp.

# **7 DEVIATIONS**

## **7.1 Deviation handling**

If the supplier for any reason delivers deviating products/materials/services, the following approach applies:

1. Precomp issues a deviation report according to the 8D principle. Issued deviation report is currently charged with 1500 SEK. If the deviating products/material are to be returned or scrapped, the supplier must replace Precomp as agreed. In case of additional costs, the supplier is charged.
2. If Precomp is forced to correct or sort the products/material due to a lack of products/materials, this is done at the expense of the supplier either by the supplier's own staff or by Precomp's staff.
3. If the deviating products/material are discovered during Precomp's production, the products/material will be corrected by Precomp, if possible. The cost of correction is charged to the supplier by agreement. The cost of sorting/correction is currently charged at 450 SEK/h. Scrapping of products/materials must be credited by the supplier at the purchase price. If processing of the products/material has taken place before the deviation is discovered, the full cost of the product is paid.

The deviation report must be confirmed within 24 hours and is expected to be fully answered within 20 days.

## **7.2 Interim approval**

To obtain an interim approval, the supplier contacts Precomp's quality organization, which decides whether the deviation can be accepted.

Precomp sends a copy of the interim approval if the deviation is approved, otherwise the supplier is contacted and Precomp informs that the request for interim approval is rejected.

A copy of the interim approval shall be attached to the packaging of the concerned deliveries.

## **7.3 Change request**

Process change must not take place without Precomp's consent. A change request is described on form, 0402.004, which is provided by Precomp. Process changes usually take a significant amount of time to get approved because Precomp also needs the customer's consent. For this reason, the supplier needs to be out in good time with the request.

# **8 ENVIRONMENT**

It is the supplier's responsibility to report information to the International Material Data System (IMDS), [www.mdssystem.com](http://www.mdssystem.com).