

Rev.	Description of changes
01	Initial revision into new format.
02	2.2 - Added Sustainability 2.3 - Added requirement for suppliers to comply with Responsible Business Alliance (RBA) Code of Conduct, including link to webpage, and Gentherm Supplier Code of Conduct. 3.1.4 - Added examples of CSR requirements 3.1.9 - Added containment plan requirements to paragraph 2 3.1.11 - Added "fill" and IMDS update 3.1.13 - Added requirement for product shelf life to be provided to Gentherm Purchasing 3.1.15 - Added monitoring and development requirements 3.1.16 - Added RBA and Gentherm Code of Conduct 3.2.2 - Added capacity information 3.2.3.2 - Added lessons learned 3.2.4 - Added MSA requirement for all inspection equipment in control plan 3.2.6 - Added IATF 3.3.5 - Added Supplier Quality Representative.
03	3.5 – Environmental requirements updated 7.0 – Removed revision at the bottom of the document.
04	3.4.1 - Section revised; added 3D, 5D, 8D deadlines, admin and late 8D fees, and clarification that suppliers cover customer-side costs if at fault. 3.4.2 - Supplier must provide immediate replacement material or bear all production interruption costs. 3.6 - Supplier portal: introduced as a mandatory platform for all suppliers for communication, complaint management, and performance monitoring.

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1 Definitions / Abbreviations

Words starting with a capital letter shall have the meaning as defined in the Purchase Agreement or below:

3D	Three disciplines, the first three disciplines of 8D problem solving; Discipline 1: establishment of a team of people with Product/process knowledge Discipline 2: description of the problem Discipline 3: development of an interim containment plan
8D	Eight disciplines problem solving, a process used to identify, correct and eliminate the recurrence of quality problems
AIAG	Automotive Industry Action Group, a not-for profit association founded in 1982 and based in Southfield, Michigan, USA

APQP	Advanced Product quality planning, a defined process for a Product development system as described in the AIAG manual
Audits	Audit are system, Product, or process audits at the Supplier's Production site
CC	Critical characteristics, Product or process characteristics; their non-conformance can result in physical damages and/or personal injury or non-compliance with legal requirements
Concession Request	A Concession Request is a written request by Supplier to Gentherm to accept parts already manufactured, which do not conform to specification, and where the Supplier has only become aware of their non-conformity after manufacture.
Delivery Documents	Delivery notes, waybills, consignment notes, haulage orders
Deviation Request	A Deviation Request is a written request by Supplier to knowingly manufacture parts which for whatever reason do not conform to specification.
DOE	Design of Experiments, a statistical approach to experimental design
DV	Design Verification
DVP&R	Design verification plan & report
EDI	Electronic Data Interchange
EMS	Environmental management system
ERP	Enterprise Resource Planning
FAIR	Factor analysis of information risk
FIFO	First In – First Out
FMEA	Failure mode and effects analysis
FMVSS	Federal Motor Vehicle Safety Standards (USA)
IMDS	International Material Data System
ISO	International Organization for Standardization
Laws	Federal, state, local and foreign laws, executive orders, rules, regulations and ordinances that may be applicable to the Seller's performance of its obligations under each Purchase Contract
MDS	Material Data Sheet
MSA	Measurement systems analysis, the analysis of the process of obtaining measurements
OCM	Original Component Manufacturer: manufacturer of electronic components
Product	(Raw) materials, components, (intermediate) assemblies, tooling, molds, equipment and completed Products and all services, performed in connection with any of the foregoing items
PPAP	Production Part Approval Process
PPM	Parts Per Million
PSW	Part Submission Warrant, a document summarizing the package of documents used in a PPAP
PV	Product Verification
QMS	Quality Management System
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is the European Union Regulation (EC) No 1907/2006 dated 18 December 2006.
RFQ	Request for Quotation
RPN	Risk Priority Number is the Product of the estimated severity of an event * probability of the event occurring * detection (probability that the event would not be detected before the user becomes aware of it); used in FMEA
SC	Significant Characteristics, Product or process characteristics that affect fit, function, performance, durability and reliability of the Products and processes
SECR	Supplier Engineering Change Request
Service Parts	Products and their components for use as service parts
SOP	Start of Production
SPC	Statistical Process Control, a method for achieving quality control in manufacturing processes
SQD	Supplier Quality Department

Supplier	Contractual party to this SRM other than Gentherm
SRM	Supplier Requirements Manual; this agreement
Tread Act	Transportation Recall Enhancement, Accountability and Documentation Act (US federal law)
VAT	Value Added Tax
VDA	German Association of the Automotive Industry (Verband der Automobilindustrie; VDA)
WebEDI-Provider	Software company providing an online-platform for EDI-applications

2 General Remarks

2.1 Introduction

Understanding that Customer satisfaction is a key to success, Gentherm is committed to fulfilling or even exceeding the expectations of all its customers. As Gentherm's supply base substantially contributes to success, Gentherm's strategy is to cooperate with its suppliers on a basis of a strong and trustful long-term partnership at the highest performance level. Therefore, our selection of and collaboration with suppliers is based on specific requirements that are defined in this SRM, which contains the minimum set of rules and standards. It is applicable to all suppliers of Product and all Gentherm Locations.

These requirements are an integral and legally binding component of all contractual documents such as Purchase Orders, Schedule Agreements, Delivery Schedules or other applicable contracts and agreements.

2.2 General Expectations of Suppliers

Our general expectations are that Suppliers:

- Fully comply with the requirements set forth herein and all other contractual documents.
- Embrace the concept of continual improvement and zero deficiencies in all aspects of the business.
- Pass down this expectation of zero PPM to the Suppliers subcontractors.
- Agree to take full responsibility for problems, if and when they occur in their area of business.
- Proactively communicate with Gentherm in case of expected or already occurring issues
- Submit and obtain PPAP/FAIR approval before producing Production parts (unless approved otherwise in writing).
- Ship Products 100 % on time.
- Act in an open and ethical manner and treat Gentherm with trust through all communications.
- React with concern when these expectations are not met. Take immediate steps to resolve deficiencies to prevent their recurrence.
- Support cost reduction request in line with our and our customers' requirements.
- Provide a safe work environment.
- Keep confidential information confidential, including prints, specifications, samples, etc.
- Establish an EMS based on ISO 14001 as a minimum.
- Strive for sustainability.

2.3 Compliance & Human Rights

- Suppliers are expected to operate in full compliance with all applicable laws and regulations, and to work to ensure the same throughout all members of their supply chain that support products sold to Gentherm.
- Suppliers are expected to respect basic human rights and operate in alignment with Gentherm's Global Human Rights Policy, Environmental Health and Safety Policy, Responsible Business Alliance Code of Conduct, Gentherm Supplier Code of Conduct and other related policies (available at [Gentherm Governance - Policies & Reports](#) and [Code of Conduct \(responsiblebusiness.org\)](#)).

- Suppliers should prohibit the use of forced or involuntary labor, including indentured labor, bonded labor, prison labor, or any similar form of non-voluntary working arrangement. This would also include any arrangement that includes or supports in any manner, human trafficking, forced relocations, or other similar practices.
- Suppliers should prohibit child labor, including the hiring or employees under the age of 15, or higher based on the local legal minimum working age / required schooling age.
- Suppliers should ensure that they, and all members of their supply chain that support products sold to Gentherm, provide safe and healthy working conditions to all employees. This includes compliance with local health and safety laws, as well as compliance with locally established, internal policies and practices.

3 Quality

3.1 General Requirements

3.1.1 Product Safety and Compliance

The Supplier shall run its operations in such a way that all Products provided to Gentherm comply with all Laws relating to motor vehicle safety of the Relevant Markets. In addition, the Supplier shall comply with all statutory and regulatory requirements applicable at the Gentherm Locations, the Supplier Locations (including manufacturing) and the country of Product's destination if provided by Gentherm.

In the case that Gentherm defines specific measures for monitoring the compliance with statutory or regulatory requirements Supplier shall ensure its continuous execution at its sub suppliers.

The Supplier shall notify Gentherm in writing immediately after detection of any nonconformity resulting from the Product's design, construction, function or durability. Gentherm and the Supplier shall fully cooperate to identify the cause of the nonconformity and shall create a plan for its immediate rectification.

In case of a recall or any other field- or service action relating to the Products supplied to Gentherm, Supplier must provide Gentherm without undue delay with copies of any data, materials or information provided to the public authorities, including any test, manufacturing, field performance or warranty data.

The Supplier shall oblige its sub-suppliers to comply with all obligations contained in this SRM.

3.1.2 Continuous Improvement – Zero Defects

The Supplier shall maintain a system which contributes to continuous improvement of quality, cost, delivery and all other services provided. This system shall be implemented on all business and manufacturing processes and include all levels of the organization.

Such system shall be based on the implementation of a "zero-defect"-strategy and a "lean-management"-strategy in all areas.

Gentherm is entitled to review the implementation and the effectiveness of such systems on-site, to point out improvement potentials or to conduct an Audit.

3.1.3 Documentation

All documents must be handled in accordance with IATF 16949.

The Supplier shall store safely against destruction all documents (such as but not limited to PPAP, FMEA, control plans, drawings, and written specifications, PSW, etc.) and records (such as test results,

measurement reports, etc.) for a minimum of 15 years starting with the archiving of the document/records, unless otherwise determined by Gentherm.

Upon request Gentherm is entitled to examine and, when necessary, Supplier shall send copies of these documents within 24 hours after receipt of such request. Should the deadline expire on a weekend, it shall be deemed extended until the next workday.

3.1.4 General System Requirements

Supplier shall set up and maintain a QMS. This QMS shall comply at minimum with DIN EN ISO 9001. To become a strategic or "Preferred Supplier" of Gentherm the QMS must comply with the standards of IATF16949 in its latest version.

The QMS shall be regularly verified by Audits. Such QMS-Audits shall be conducted by an accredited independent third party, OEM, Customer or by Gentherm. After each audit Supplier shall send a copy of its QMS-certificate as it is updated to Gentherm. Supplier shall inform Gentherm about any changes related to the certification status, organizational changes, restructuring, acquisition & mergers or the loss of certification.

In case of default of such certificates the Supplier shall permit an audit by Gentherm.

Supplier shall also fulfil the requirements of the following AIAG Reference Manuals:

- Advanced Product Quality Planning (APQP)
- Production Part Approval Process (PPAP)
- Potential Failure Mode and Effects Analysis (FMEA)
- Measurement Systems Analysis (MSA)
- Statistical Process Control (SPC)

Suppliers must comply with Gentherm's Customer Specific Requirements (CSR) as they apply to them, as well as cascade them to sup-supplier's QM system (e.g., General Motors BIQS, Ford & FCA MAQMRS and VW Formel Q and VDA standards). The supplier must designate a Product Safety & Conformity Representative (PSCR) in case a component relates to Daimler, BMW, or VW group. All evidence must be provided with certificates issued through accredited certification bodies, which must be submitted to Gentherm without any further request.

Deviations in this respect are only permitted if these are explicitly agreed with Gentherm.

Additional requirements are noted in this SRM. It is the Supplier's responsibility to obtain the current issue of all IATF16949 AIAG and CSR related documents.

3.1.5 Engineering Samples and Prototypes

Engineering samples and prototypes being submitted to Gentherm shall fulfil the specification agreed upon, and the provided documentation must confirm the fulfilment of the specification. Each sample or prototype must be clearly labelled as such, packed separately from serial Products, and accompanied with completed dimensional, material and performance test reports as described in the AIAG PPAP Manual. Specific instructions, in addition to these stated requirements, may be agreed upon if necessary. Prototypes shall be packaged according to Gentherm's PPAP requirements.

3.1.6 Significant Characteristics (SC) / Critical Characteristics (CC)

According to IATF 16949, SC and CC shall be identified and specifically handled in the Design-FMEA, Process-FMEA, control plans, process flows, work instructions and other associated documents. They are marked as such in all drawings/specifications of Gentherm. The Supplier is responsible for fully understand the usage of its Product and also identify special characteristics, as appropriate. This is also valid for "black

box"-Suppliers. The Supplier is also responsible for ensuring that relevant SC and CC are explained, understood, and controlled by its sub-suppliers. The suppliers should also follow customer 's requirement when Gentherm 's customer has special requirement on SC/CC control method. The stability of production process must be guaranteed during whole production lifetime through appropriate production control and must be documented accordingly.

3.1.7 Tools, Equipment, Gauges

The Supplier shall establish preventive/planned maintenance procedures on all Production and inspection equipment. Preventive/planned maintenance schedules and tool history records shall be documented and available for review.

In the case that tooling shall be sold, consigned to another entity, or relocated to an alternate Supplier Production site the Supplier has to inform Gentherm and ask for potential APQP- and re-PPAP-requirements prior to moving the tool.

All tooling shall be labelled with a clear and distinct identification code and show the ownership of the tooling.

Production and inspection devices shall be calibrated by accredited laboratories according to the proper calibration intervals.

Defective tools, equipment and gauges must be clearly marked as such and stored separately from all tools and gauges in use or good working condition.

A spare parts list for machinery and tools should be available and properly maintained.

3.1.8 Pre-Production and Sample Part Requirements

If necessary, Gentherm may request special requirements for pre-Production and/or sample parts. These requirements shall be communicated in writing or orally in engineering-/ project meetings. The required documents must be updated by the Supplier.

To ensure that pre-Production or sample parts will not be mixed with regular Production parts they shall be marked as such. Their label shall be different from the labels of already PPAP approved serial Production parts, the contents of the label shall comply with Gentherm's requirements as set out in Gentherm's shipping instructions.

3.1.9 Early Production Containment Plan

At Gentherm's discretion, Gentherm may demand early Production containment measures (Early Production Containment Plan, hereinafter "**Containment Plan**") for new Products which require PPAP and which have never been produced before at the respective Supplier plant. The purpose of the Containment Plan is to document Supplier's efforts to verify control of its processes during start-up and ramp-up. This will ensure that any quality issues that may arise are identified, contained, and corrected at the Supplier's location in a timely manner.

The Containment Plan starts with pre-Production and continues through the first 90 days of production after PPAP. In case there are less than 5 production lots in 90 days, then the Containment Plan must be continued until result of 5 production lots are available. The necessary quantity will be agreed during the APQP.

Prior to any pre-Production builds, all requirements for this Early Production Containment shall be documented by the Supplier in the pre-Production control plan, which will be reviewed by Gentherm.

Unless specified by Gentherm, the early Production containment status will be removed if the Supplier has achieved zero defects for 90 Production days after PPAP approval. If defects are found at containment during these 90 days period, it will start over again.

In special cases Gentherm may require the Supplier to perform off-line containment (e.g., by Third Parties).

The Supplier shall submit inspection data with each lot shipped to Gentherm. Gentherm will inform the Supplier about the necessary extent.

The Supplier shall develop action plans to eliminate previously missed failure modes or to determine capability improvement needs.

3.1.10 Changes to Approved Products and Processes

If Products are approved, Supplier and its sub-suppliers shall not make any change to

- the Product,
- Sub-Suppliers,
- Sub-Contractors
- Production locations, and
- Production processes and tools
 - o change of the process of parts that may affect Critical and Significant Characteristics
 - o use of new or improved machines, equipment, tooling or fixtures;
 - o no mass production or usage of related equipment/tooling for over 6 months.
 - o change of manufacturing method, e.g. change from “manual” to “automatic”;
 - o change of inspection methods.
 - o change of packaging/transportation methods.

In case the Supplier intends to modify the Product, Supplier shall inform Gentherm in advance by submission of the Gentherm SECR form (available on the Gentherm website). This request shall be submitted to Gentherm leaving sufficient time prior to the introduction of this modification, at minimum three months, to allow Gentherm a review. Only after written approval of this SECR form Supplier is allowed to proceed. After introduction of the modification, PPAP documentation and approval according to 3.2.6 is required.

In case the Supplier ships customer designated Products or catalogue Products, Supplier shall inform Gentherm with a fully filled out SECR form at least 30 days prior to the intended implementation of the changes. Supplier shall obtain OEM / Customer approval on the SECR form. Gentherm reserves the right to ask for samples to adjust the own Production processes if required.

Only after Gentherm’s PPAP approval Supplier is allowed to start delivery of modified Products.

Any change made without written approval by Gentherm is regarded as a contract violation entitling Gentherm to damages or to cancel any individual purchase contract as well as the Purchase Agreement.

3.1.11 Annual Re-Qualification

Suppliers to Gentherm must complete annual requalification/revalidations. This includes a full layout inspection, capability studies for SC/CC dimensions, IMDS update, and functional testing for test included at the time of PPAP to ensure on-going compliance. The layout inspection and functional testing/annual revalidation shall be planned and must be included in the Control Plan. The results shall be documented and made available for evaluation by Gentherm when requested.

In case of any detected nonconformance the supplier must inform Gentherm without undue delay and take containment actions in order to solve the issue.

3.1.12 Certificates of Conformity

A signed certificate of conformity shall be filed at Supplier and, if required by Gentherm, enclosed/sent via email with each delivery of Products starting from Sample production. The purpose is to verify that all requirements are fully met. Type and contents of such certificates will be defined by Gentherm according to the individual requirements.

3.1.13 Storage

All Products shall be stored in such a way that they are secured against loss, theft, damage, or impairment of their material properties.

Products which require a particular storage, handling, or transportation method (e.g., moisture plastic parts) shall be marked accordingly. The corresponding storing / handling or transportation instructions and the respected product shelf-life shall be submitted to Gentherm's purchasing department during the quotation process and/or the definition of Product specification. All raw materials and components, semi-finished and finished Products shall be shipped and stored according to FIFO-principles.

3.1.14 Problem Avoidance and Problem Solving

Suppliers which are responsible for Product design shall use reliability methods during the Product design, verification, and validation phases of the APQP process in order to assure the robustness and durability of their Product design for the intended application or as specified by Gentherm.

During the process design, verification, and validation phases of the APQP process data driven methods shall be used in order to prevent problems with new or changing Products and processes. Such tools and methods include but are not limited to: FMEA, MSA, SPC, DOE and Taguchi.

Supplier shall have well-trained personnel being able to resolve Product and process issues quickly and permanently with the use of problem-solving tools and methods such as Six Sigma, 8D, 5Why, Ishikawa, etc. The purpose of the problem-solving tools and methods is to find the root cause, prevent reoccurrence and to validate corrective action effectiveness.

3.1.15 Supplier Performance Monitoring and Supplier Development

Gentherm regularly rates its Suppliers performance. Suppliers are evaluated, and scorecard points awarded/deducted for on-time delivery, premium freight occurrences, defect PPM, customer disruptions (yard hold, stop ships), on-time PPAP, on-time 8D, supplier complaint cases, warranty, and field returns.

The scoring criteria may change to meet business objectives, Gentherm will provide notice of change to suppliers.

New Suppliers will be evaluated upon start of Production. Should the Supplier not agree with its Performance Rating, it shall formally object in writing to the responsible Gentherm representative within the time indicated on the rating form, otherwise the rating shall be deemed accepted.

It is Gentherm's strong intention to cooperate with reliable and quality-conscious Suppliers only. Therefore, our Suppliers shall target a rating as "Green-Supplier".

In case of an unsatisfactory Supplier Performance Rating Gentherm will take any of the following steps:

- Corrective actions (action plan, 8D) submitted as requested and monitored for compliance.
- Meeting with Supplier representative, and appropriate personnel to agree on corrective actions and the timelines for their completion.
- On-site Supplier survey, document, and process review, and/or full or partial Audit, as required.
- Containment actions, e.g., 100 % inspection of all Products prior to shipment.
- De-sourcing of Supplier due to continued non-compliance.

Whenever Gentherm identifies that a supplier requires development, Gentherm reserves the right to involve the supplier in a development project and expect cooperation.

Each year, Gentherm selects the best-performing suppliers from among those who have performed well, and they are awarded the Best Supplier Award.

3.1.16 Audits

In order to assess and improve the internal procedures and the management system, the Supplier shall regularly carry out system, process, and product audits. The documentation relating to this must be submitted to Gentherm on request.

Suppliers shall audit each manufacturing process to determine its effectiveness and select types and extent controls used to verify conformity to internal and customer requirements. Suppliers shall have criteria to escalate or reduce their controls based on their performance and assessment of their product risk.

Gentherm reserves the right to conduct audits at the Supplier's Production site, covering topics including system, product, process, EHS, environmental metrics and processes and practices related to applicable environmental management systems, human rights, or other related topics included in terms & conditions, RBA Code of Conduct, Gentherm Supplier Code of Conduct, or Gentherm Supplier Requirement manual. Gentherm will document audits and inform the Supplier about the results in writing. Detected non-conformances shall be corrected in accordance with a mutually defined corrective action plan within a fixed period of time.

In the event that quality issues are caused by a sub-supplier, Supplier shall use its best efforts that a (mutual) audit can be carried out at the affected sub-supplier.

Supplier shall admit customer of Gentherm to visit and/or audit the Supplier. This requires an advanced coordination between the Supplier and Gentherm and shall create the confidence of the customer in Supplier's capabilities. Any business issue between the Supplier and Gentherm will be treated confidentially.

3.2 Advanced Product Quality Planning (APQP)

In order to pursue the zero-defect strategy, strict quality planning and effective serial Production surveillance are absolutely essential. The main emphasis shall be on prevention of defects rather than on detection of defects.

The Supplier shall perform APQP in accordance with the AIAG APQP Manual and shall provide it for review by Gentherm.

This APQP-plan shall include in particular:

- a comprehensive description of risks that affect Product safety or the project plan
- the implementation of failure-avoiding methods to achieve the zero-defect target
- the identification of changes needed for Product or process specifications

If applicable, the Supplier shall utilize and submit the APQP Supplier Status Report (available at Gentherm website). This report shall track the Supplier's progress throughout the APQP and launch processes.

Upon request, Supplier shall submit all documents created during the APQP process to Gentherm.

3.2.1 Contract-/ Producibility Review

Supplier shall ensure that all specifications and requirements of Products are met. The Supplier shall verify with undue delay, if Gentherm's specifications are faulty, unclear, incomplete, or non-conforming with statutory requirements or samples. In this case, Gentherm shall be informed in writing without undue delay.

Supplier shall review each Purchase Order / Schedule Agreement / Delivery Schedule, quotation or engineering change request concerning its feasibility. In this context, feasibility means that the requested Products can be manufactured under mass Production conditions without any restrictions, particularly concerning technical and commercial requirements such as:

- quantities / capacities
- scheduled times / deadlines
- costs / prices

- Product description / specifications / drawings

3.2.2 Project Plan

For project planning and implementation, the Supplier shall make a project plan.

The project plan shall include the following milestones:

- specification / drawing review
- producibility review
- specification of SC/CC
- Design-FMEA, when development is being carried out by the Supplier
- DVP, when development is being carried out by the Supplier
- process flow chart
- Process-FMEA
- control plan for pre-Production and serial Production
- planning and provision of inspection and measuring equipment including MSA
- manufacture and inspection of prototypes according to the current AIAG PPAP-Manual, or customer specific requirements
- manufacture of pre-Production samples
- determination of machine and process capabilities for CCs and SC
- packaging specification
- PPAP according to the current AIAG PPAP-Manual, or customer specific requirements
- process sign-off and review of documents
- SOP after approval by customer
- Safe Launch
- Capacity confirmation.

3.2.3 Failure Mode and Effects Analysis (FMEA)

Any FMEA shall always be conforming to the AIAG&VDA FMEA-Manual. It shall be kept active for the entire duration of Production and be updated in case of Product and/or process changes. Results from analyses of defective Products must be implemented into the FMEA.

Upon request, the FMEA shall be provided or at least presented to Gentherm for review without undue delay.

Supplier shall be fully liable for possible Product defects and their consequences if Supplier has not (correctly) performed a FMEA.

3.2.3.1 Design-FMEA

The Supplier shall perform a design-FMEA if the Product is fully or partially developed by the Supplier.

3.2.3.2 Process-FMEA

Supplier shall provide a Process-FMEA, even if Supplier is not responsible for the design of the Product. The Process-FMEA shall be performed at the beginning of process planning regarding the necessary production and inspection equipment and shall be concluded in good time before installation of the Production equipment for serial Production. Lessons learned from the Process-FMEA to the design shall be provided during design feasibility.

3.2.4 Planning of Inspection and Inspection Equipment

For all new or modified Products and manufacturing processes, all characteristics of importance to the quality shall be recorded, inspection procedures and their frequency shall be suitable, and all inspection equipment shall be planned properly and shall be available in good time for the start of pre-series Production.

The determination of SC and CC which have to be taken into special consideration in inspection and equipment planning shall be carried out in collaboration with Gentherm and under consideration of the results of the FMEA.

The control plan shall contain in particular all:

- Master data [e.g., control plan number incl. date of origin and date revised, control plan category (prototype, pre-series, serial Production), part no. and description, revision, Supplier name, Supplier code, core team members, key contact name and contact details]
- SC and CC
- Inspection characteristics of process control and final inspection
- Significant process parameters
- Corresponding inspection equipment
- Inspection frequencies
- Inspection methods
- Inspection types (quantitative/qualitative)
- Sample sizes or 100 % inspection
- Corrective actions in the event of nonconformity
- Measures for Early Production Containment

An MSA shall be executed and recorded for the whole used inspection equipment which are in the control plan.

3.2.5 Process Capability

Gentherm is entitled to review the manufacturing process at the Supplier's facility prior to AIAG PPAP submission. Gentherm will decide which review process shall be applied (Audit, PPAP, Run@Rate, etc.).

To obtain information about Production process capability as early as possible, process capability shall already be analyzed in the Production pre-series phase. With the aid of process capability analyses the confirmation of the process with the specified quality requirements shall be assessed based on mathematical or statistical procedures. These analyses shall provide information on where and to what extent action or process improvements are necessary before serial Production commences.

The determination of the characteristics for which proof of process capability must be supplied shall be made as early as possible in consultation with the Gentherm. These characteristics shall at minimum include all CC and SC.

The minimum process capability requirements are:

- Preliminary process capability (pre-Production): $Ppk > 1,67$
- Process capability in serial Production: $Cpk > 1,33$

Before PPAP approval, Supplier shall confirm the process capability of all CC and SC in writing. To do so, the process shall be evaluated during a full capacity run. Thereafter, during serial Production, the process capability for all CC and SC shall be verified in regular and appropriate intervals.

The stability of production process must be guaranteed during the whole production lifetime through appropriate application of statistical process control (SPC) and must be documented accordingly.

If the process capability falls below the required limit, then a 100% inspection is required to secure the product-and process specifications.

If the product specification can't be proofed through a process capability study, respectively for special processes

(e.g., Casting, welding, etc.), then the evidence has to be executed through secondary characteristics or a 100% inspection must be implemented.

3.2.6 Product Part Approval Process (PPAP)

The purpose of PPAP is to demonstrate, before SOP, that all specifications have been fulfilled. It shall be used for eliminating systematic faults before SOP or before approval is given for serial Production. For Products previously PPAP approved by Gentherm, the Supplier shall not make any changes of location, processes, or materials without written approval from Gentherm.

PPAP is necessary

- for new Products
- for corrections due to deviations
- for modified Products (changed specifications, or not approved material)
- for modified Production methods or Production conditions (e.g., new/changed tools, machines, parameters, etc.)
- when Production shall be moved to another location
- when Production was interrupted by more than one year
- when Supplier or materials will be substituted.

All PPAP submissions shall be provided as requested at the due date and with their complete and accurate documentation and in accordance with requirements of IATF16949, related AIAG APQP- and PPAP-Manuals (latest edition) and any other OEM/customer specific requirements specified in the contract. The report shall contain Gentherm's part and specification numbers, technical engineering level and clear and complete Supplier identification data. If PPAP is not on time or incomplete or wrong, this can lead to delay of programs of Gentherm's Customers. Costs incurred by late, incomplete, or faulty PPAP shall be borne by Supplier.

Regarding data covering proprietary parts Gentherm will respect Supplier's confidentiality / expertise, and Gentherm will accept that in these circumstances Suppliers cannot share all information / data with Gentherm. However, if problems or concerns arise, Supplier shall provide Gentherm with all relevant information necessary to review and eliminate such problems or concerns.

For Customer directed Products with valid PPAP-approval by this Customer, the copy of the released PSW-cover sheet and current material certifications/dimensional results/material test results and 5 initial samples of the current engineering status are sufficient, unless requested otherwise by Gentherm.

For catalogue parts PSW incl. the declaration of the Gentherm part-number, the valid drawing, the measurement report and 5 numerated parts are sufficient, unless requested otherwise by Gentherm.

Material packaging is part of the PPAP and as such to be agreed and validated during project phase, prior to PSW approval.

Full or interim approved PPAP is required prior to shipping parts to Gentherm for Production. Gentherm will reject any shipment without PPAP-approval unless Supplier applied for and received a written deviation from Gentherm's supplier quality department.

PPAP-parts shall be labelled as such and sent separately from serial Products to the ordering Gentherm Location.

All documentation shall be in English.

For each new Product MDS according to IMDS requirements shall be submitted to Gentherm via IMDS-database and in PPAP documentation. The IMDS number shall be included on the PSW. The Supplier shall be aware of updates to the IMDS-candidate list and ensure that information submitted is correct and complies with the recommendations of the IMDS-system. For all Products supplied, Supplier shall automatically provide any changes to MDS.

3.2.7 Part C.V.

All changes of Products, of their materials and manufacturing processes and all necessary documentation shall be tracked in a part C.V. during the whole life cycle. All changes shall be recorded with statements on date, Gentherm's as well as Suppliers' Product engineering revision level and the engineering level of the changed element (raw material, process parameter, document, etc.).

3.3 Serial Production Supervision

3.3.1 Incoming Goods Inspection

The quality of the Products shall be assured by proper protective measures. These shall include an incoming goods inspection by Supplier including the documentation of its results and the delivery with conformity certificates and capability certificates for sub-suppliers.

3.3.2 Production

Supplier shall meet the process capability requirements as defined in the AIAG PPAP- and SPC-Manuals, unless otherwise requested by Gentherm. The Supplier shall ensure that process capability and control requirements are documented in their control plan and that capability indices are achieved and improved throughout Production. For CC and SC statistical SPC shall be planned and implemented. All corresponding provisions and systems shall be documented in writing. Upon request, the Supplier shall present this documentation to Gentherm.

In addition, Supplier shall continuously reduce part-to-part variation and eliminate all waste.

3.3.3 Non-conforming Parts at the Supplier

Non-conforming parts occurring during the Supplier's production, must be sorted, labelled and separated from conforming parts. Procedures must be in place to ensure that defective Products are not mixed with conforming Products and delivered to Gentherm.

3.3.4 Inspection of Outgoing Products

Supplier shall ensure complete conformance with all Product specifications and quality requirements by performing an outgoing Products inspection by means of proper inspection methods. All inspections shall be documented completely, regarding delivered lots and shall be filed in such way that short-term analyses are possible. Gentherm may request certificates of conformity or test reports. Supplier shall oblige its sub-suppliers and sub-contractors accordingly.

3.3.5 Process Change Approval

Gentherm must be notified and approve any changes being made by the supplier. This includes all product and process changes at the supplier or sub-suppliers that differs from the original PPAP. Requests shall be submitted to Gentherm Purchasing and Supplier Quality representative using the SECR-form (available at Gentherm's website). Requests must be made in advance with enough time to conduct testing, PPAPs, customer approvals, and other activities depending on the nature of the change. Gentherm will always issue its decision in writing.

Deviations / Concessions will only be considered for a specific quantity of parts or a specific time frame and will be documented and signed by the Gentherm Supplier Quality representative. Representative samples should be submitted with the SECR-form to Gentherm Supplier Quality representative that will further coordinate with the related Engineering department and SQA of the Purchaser user plant.

If Gentherm accepts the Deviations / Concessions, each delivery must be identified with a label "Deviation" or "Concession." Note: Supplier will be liable and held responsible for all costs incurred for unauthorized changes.

3.3.6 Counterfeit electronic components

Distributors and Suppliers of electronic components and of Products containing electronic components shall provide evidence of the genuineness of the electronic components prior to supplying Gentherm. Based on the Gentherm's requirements, Supplier shall submit sufficient evidence, in particular pictures of component packaging, packaging label and component marking. Gentherm may verify the evidence provided with the original component manufacturer (OCM). In case any deficiency is detected all related costs (warranty field cost, revalidation, etc.) shall be borne by Supplier.

Such distributors / Suppliers shall demonstrate capable component management to avoid any infiltration of counterfeit components at any time.

3.4 Complaints / Lack of Conformity Notice

3.4.1 Complaints

If Products supplied by the Supplier are found to be defective at Gentherm or at Gentherm's customers and such defect is attributable to the Supplier, Gentherm shall issue a complaint.

Unless otherwise agreed in writing, the Supplier shall acknowledge receipt of the complaint and confirm immediate containment actions by submitting a [3D report within twenty-four \(24\) hours of receipt](#).

The Supplier shall perform a root cause analysis and define, implement, and monitor appropriate containment and corrective actions to ensure defect-free and uninterrupted supply. The Supplier shall appoint a responsible person to ensure timely execution of all required actions. These activities shall be documented as follows:

- [a 5D response, including problem description, containment actions, root cause analysis, corrective actions, and responsibilities, shall be submitted within ten \(10\) working days after receipt of the complaint and rejected products and/or samples;](#)
- [a full 8D report, including closure of all corrective actions, shall be completed within sixty \(60\) calendar days, unless the complaint originates from a customer claim, in which case the applicable customer requirements shall define the deadline.](#)

The results of complaint analyses shall be incorporated into continuous improvement activities, including updates to FMEA, control plans, inspection plans, and relevant manufacturing and quality processes.

In the event of delivery of defective Products, Gentherm shall be entitled, at its sole discretion and in addition to any rights available under applicable law or agreement, to take one or more of the following actions at the Supplier's risk and expense:

- reject and return defective Products in whole or in part;
- allow repair or replacement prior to use or installation, provided no production delay occurs;
- where repair or replacement is not feasible or acceptable, remedy the defect itself, engage a third party, or return the product to the Supplier;
- withhold payment for defective Products or subsequent deliveries up to three (3) times the value of the defective Products until the Supplier fulfills its obligations.

If a defective product causes issues, claims, or costs at Gentherm's customers, the Supplier shall be fully responsible for all related costs, including rework, replacement, logistics, warranty claims, and consequential expenses.

For each complaint, Gentherm shall automatically charge an administrative fee of 150 USD. Failure to submit the 8D report within the defined deadline due to the Supplier's responsibility shall result in an additional 150 USD late 8D fee.

Payment for defective Products shall not constitute acceptance or confirmation of conformity.

The same process shall apply to warranty claims. The Supplier shall maintain an effective internal warranty management process. Additional Quality Assurance Agreements may be established as required.

3.4.2 Reaction Plans due to Non-conformance

The reaction plan shall include, but is not limited to:

- Proactively notify Gentherm immediately if a suspect product may have been shipped.
- *The Supplier shall be obligated to provide a replacement delivery of the raw material without undue delay in order to prevent any disruption or stoppage of Gentherm's production while the root cause analysis and investigation are ongoing. If the Supplier fails to provide such replacement delivery in a timely manner, the Supplier shall bear full responsibility for all costs and damages resulting from the interruption of Gentherm's production and/or the production of Gentherm's customers.*
- Maintain a quality sorting resource, which is readily available for fast response of 24 hours or less (Supplier or contract third party companies); If Supplier can't guarantee this and continuous Production and supply of Customers is endangered, Gentherm is entitled to sort and rework at Supplier's expense.
- Immediate return of the whole lot where non-conforming Products were detected.
- In order to avoid any shutdown at Gentherm or Customers, Gentherm is entitled to buy Products from another company, if supplier is not able to provide required Products in the right time.
- Scrapping of non-conforming parts by Gentherm.

All such actions shall happen in coordination with the Supplier and Gentherm. Gentherm is obliged to keep all costs related to such actions reasonable.

If the Supplier is not reacting within 10 days after receipt of the complaint, all non-conforming Products / lots will be scrapped and charged without any further consultation.

3.4.3 Controlled Shipping

In case of defective Products, Gentherm may impose containment actions for defective Products and demand special measures to ensure necessary Product quality. While on Level 1 or Level 2 Containment, Supplier will be restricted from bidding on or being awarded new business for the material in question.

3.4.3.1 Level 1 Containment (Appendix A)

Level 1 Containment requires at least the following measures:

Level 1 Containment will be performed by Supplier's employees at Supplier's manufacturing location. The Supplier will be notified that it has been placed on Level 1 Containment status. This notification will be followed by a written Level 1 Containment plan including the need for 100 % inspection, effective corrective actions, and the exit criteria (see 3.4.3.2). Supplier shall provide written confirmation of receipt of this notification, including the Level 1 Containment plan within 24 hours.

Suppliers placed on Level 1 Containment shall:

- Immediately establish a separate containment activity area at their location.
- Start a 100 % inspection and/or test activities and record their results. At minimum Suppliers must record the material inspected / tested and the frequency of non-conforming material identified.
- Contain all suspect material in the supply chain (at Supplier's location, in-transit, at Gentherm etc.).

- Conduct a daily review of the result of the inspection / test activities and verify whether the corrective actions are effective or required change, which then shall be planned and implemented.
- Communicate results of the inspections / tests to Gentherm at the agreed intervals.
- Provide key quality documents upon request for Gentherm review.
- Perform corrective actions including all steps of the 8D process.

3.4.3.2 Level 2 Containment (Appendix A)

Level 2 Containment can in particular be initiated if

- Level 1 Containment actions have been ineffective;
- Supplier does not or is prevented from providing expedient and efficient containment; or
- particularly severe issues are existing and/or Product safety is not guaranteed.

Level 2 Containment includes the same processes as Level 1 Containment but with added inspection / testing by a third party (if deemed necessary by Gentherm). The third party must be approved by Gentherm and shall be contracted and paid for by the Supplier.

Supplier will be notified that it has been placed on Level 2 Containment status. This notification will be followed by a written Level 2 Containment plan including the need for 100% inspection and effective corrective actions. Supplier shall provide written confirmation of receipt of this notification, including the Level 2 Containment plan, within 24 hours.

Supplier subject to Level 2 Containment shall:

- Contract and issue a purchase order to a Gentherm approved independent (third party) sorting firm. Supplier shall be responsible for providing all necessary information/training and locations for re-inspection activities. Supplier shall be responsible for all cost associated with the re-inspection.
- Submit data to Gentherm as agreed upon.
- Meet the defined exit criteria.

3.4.3.3 Duration of Level 1 or Level 2 Containment and costs

The containment shall continue until permanent corrective actions have been implemented and their effectiveness has been validated. Supplier will be released from containment, if following criteria are met:

- 30 days of Production with zero defects in case of Level 1 or 60 days in case of Level 2 Containment and at least 3 defect free deliveries since the beginning of containment unless specified otherwise by Gentherm. If a defect is found at containment during this time, the period of production with zero defects shall start all over again.
- A full 8D-report has been submitted by the Supplier showing and verifying the root cause for the containment and the effectiveness of the corrective actions; and
- Gentherm has agreed to the closure.

All costs incurred at Gentherm by containment shall be borne by the Supplier. The costs include but are not limited to costs for shipping, handling, processing, reworking, inspecting, and replacing defective products as well as costs for value-added operations prior to the discovery of the defective Product and costs for Third Parties and Gentherm customer charges.

3.5 Environmental Requirements

We encourage all Gentherm business partners to have a robust program to manage their sustainability efforts. Suppliers should take steps to measure and understand their impact, as well as working to minimize their environmental impact.

Suppliers are required to ensure that all internal processes and products delivered to Gentherm fully comply with all applicable laws, in particular those regarding conflict minerals, those related to hazardous / restricted substances, and those related to environmental protection.

Suppliers who engage in manufacturing or other similar activities are encouraged to implement and maintain a certified environmental management system (EMS) which is compliant to ISO 14001. Note: Suppliers who achieve EMS certification will be awarded points as part of the vendor scorecard / vendor evaluation process.

As part of developing a robust sustainability program, Gentherm strongly encourages all business partners to:

- Engage in meaningful and active climate action. This includes measuring and communicating Scope 1, Scope 2, and Scope 3 emissions of greenhouse gases and working to increase the use of renewable energy across their sites.
- Set carbon reduction emissions targets that align with global standards, including for example the SBTi, Paris Accords or other similar standards.
- Work to reduce energy usage and energy waste, including the consideration of energy audits and implementation of steps to eliminate energy waste.
- Measure and manage water use and disposal. This is especially important in areas deemed as 'water stressed'. Water withdrawal and disposal should be understood, measured, and controlled to minimize overall impact.
- Continuously work to minimize the production of waste of all types. Production materials and scrap should be re-used whenever feasible. When approaching waste reduction, business partners should work to first avoid waste, then to recycle waste, and finally to dispose of it as a final option.
- Work to minimize or eliminate the production of hazardous waste. At a minimum, business partners must ensure that all hazardous waste is disposed of in accordance with local requirements.
- Enter all relevant material data into the IMDS database.
- Align with and report to external industry standards, including CDP, TCFD, GRI, United Nations Sustainable Development Goals (SDGs), and others.
- Develop tools and processes that support calculations of total carbon footprints related to individual products, i.e. Product Carbon Footprint (PCF) and Life Cycle Assessment (LCA).

As members of the Gentherm supply chain, all Suppliers are expected to act in a manner that works towards alignment with Gentherm's position on Sustainability and minimizing environmental impact.

The Supplier warrants that its internal processes and its Products delivered to Gentherm fully comply with all Laws, in particular those of REACH and regarding Conflict Minerals.

3.6 Supplier Portal

Gentherm has implemented a global Supplier Portal to standardize, simplify, and enhance communication, documentation exchange, and performance management processes between Gentherm and its suppliers. The Supplier Portal serves as the official digital collaboration platform and constitutes the primary interface for supplier-related interactions. By accepting and complying with this Supplier Requirements Manual, suppliers acknowledge and agree to the mandatory use of the Gentherm Supplier Portal for the processes described herein.

Each supplier is provided with an individual and dedicated company profile within the portal. Suppliers are responsible for maintaining accurate and up-to-date company information, including master data, contact persons, and relevant company documentation such as management system certifications (e.g. IATF 16949). The accuracy, validity, and timely update of all supplier-provided information remain the sole responsibility of the supplier.

The Supplier Portal supports multiple supplier management processes. Gentherm communicates supplier complaints through the Complaint Management module, where suppliers are required to review notifications, provide containment actions, root cause analyses, corrective actions, and upload all required supporting

evidence directly within the system. Documentation exchange related to complaints shall be performed via the portal unless otherwise explicitly agreed.

Supplier performance monitoring is managed through the Scorecard module, where suppliers have continuous access to current and historical performance evaluations as well as applicable evaluation criteria. Scorecards published in the portal represent formal Gentherm supplier performance assessments. Suppliers receiving a performance rating classified as C (red) are required to upload corrective action plans and supporting evidence exclusively within the Supplier Portal. Required actions and related documentation are accessible only through this module.

PPAP submissions shall also be requested and managed through the Supplier Portal. Suppliers are required to upload all PPAP documentation and supporting records directly to the portal for review, approval, and retention purposes.

Access to the Supplier Portal is restricted exclusively to the respective supplier and Gentherm. Each supplier profile is individually managed, and no third party has access to supplier-specific data. Access rights are strictly controlled, and all applicable data protection and information security requirements, including compliance with GDPR regulations, are fully observed.

All documents, records, communications, evaluations, and performance results available within the Supplier Portal are considered official. The portal represents the official source of record between Gentherm and the supplier regarding supplier information, performance and complaints. Any questions, clarification requests, or objections related to portal content may be raised through established Gentherm communication channels. Suppliers remain responsible for monitoring portal notifications and maintaining the accuracy of their stored information.

The Supplier Portal is intended to consolidate and streamline existing communication and documentation processes and does not replace contractual approval workflows or internal authorization processes on the supplier side. The administrative effort associated with portal usage is aligned with standard automotive supplier management practices and is limited to existing operational requirements.

The system provides stable operation, reliable login functionality, and global accessibility across all supplier regions, including international locations. The portal complies with standard corporate IT security requirements and is already utilized by suppliers across multiple regions worldwide.

In case of technical issues, access problems, or portal-related questions, suppliers shall contact the designated support channel at SupplierManagement@gentherm.com.

4 Engineering: Product development

A primary goal of Gentherm is to fulfil the expectations of its customers by supplying superior and innovative technology in its Products. Gentherm has the same expectations of its Suppliers. Supplier shall ensure that Gentherm obtains the best support possible in the development of new innovative Products and shall fulfil the project plans agreed to with Gentherm. Supplier shall actively support Gentherm to optimize Product characteristics considering the high expectations of products to be developed and delivered to Gentherm.

Supplier shall ensure that the development and Production of its Products complies with all applicable Laws and that Products reflect the latest state of the art of science and technology.

Unless agreed otherwise, each Party shall absorb its respective development costs. This shall also apply to any required validation and approval tests, which will be mutually defined. On component (Product) levels Supplier, on system levels Gentherm shall be fully responsible for the successful execution of DV- and PV-tests. Supplier shall bear the costs for repeated tests on system levels, if such repetition is necessary due to defective Products supplied by Supplier.

If Gentherm agrees to pay for Product development costs, Gentherm will only pay for the first version of the development. If additional versions are necessary due to development defects caused by the Supplier,

Supplier shall bear such costs. Gentherm shall bear additional costs incurred by Supplier due to change requests or faulty requirements by Gentherm.

Gentherm shall own all development results paid for by Gentherm (e.g., drawings, specifications, software, test results, etc.). Supplier shall not offer or deliver any Products or similar goods arising from such development work to third parties. This shall also apply to developments and/or Products ordered and/or paid for by Gentherm, regardless of whether the developments and/or Products were or will be ordered from Supplier.

If Product development timelines are defined and not met by fault of Supplier, Supplier shall compensate Gentherm for any damages resulting from this delay. The timing of a Product development can be defined by a development order, a project plan or other written agreements.

Should Supplier, for whatever reason, wish to abort any Product development agreed to with Gentherm, Supplier commits itself to continue to support Gentherm until an adequate solution is found by Gentherm. Supplier shall deliver all information and means (including those that involve the Confidential Information of the Supplier) to Gentherm, provided that they will only be used for Gentherm-specific applications. The Supplier shall compensate Gentherm for all damages resulting from the abandoning or aborting of a Product development program unless the continuation of the development is terminated by Supplier because of a breach of this Agreement by Gentherm.

5 Logistics

5.1 Packaging

If not agreed otherwise (e.g., by specifications from Gentherm), Supplier shall be fully responsible for the design, selection, and use of appropriate packaging. Once the Product and its packaging are PPAP-approved, Supplier shall not change the packaging without prior approval by Gentherm. When selecting the packaging, all Products are to be suitably packed and prepared for shipment, considering the nature of the Products and the anticipated stocking and delivery methods. Tough reusable packaging is preferred; yet some instances may require disposable packaging. In the latter case, all disposable packaging must be readily recyclable; Gentherm encourages the use of postconsumer, recycled content in its packing materials.

If returnable packaging is provided to Supplier on behalf of Gentherm, Supplier shall be responsible for any loss or damage to such supplied packaging material, as far as the damage occurs on Supplier's premises or as far as Supplier is responsible for transportation according to INCOTERMS 2010 during transport.

Returnable packaging or packaging materials provided on behalf of Supplier shall be held at the Gentherm facility to which deliveries are made for pick-up on behalf of Supplier. Gentherm shall have no further obligation regarding reusable packaging.

5.2 Labelling & Traceability

All Products shall be labelled in accordance with VDA and/or AIAG Production label standards. The labelling shall ensure that Products can be easily identified, and mixed stock is avoided.

In all cases, all previously used or outdated labels shall be removed first. Self-adhesive labels are not allowed to be affixed directly to the load carrier. Attachment by wire is also prohibited. If the holders for shipping documents cannot be used, gluing points that can easily be removed without residues shall be used.

All data on container labels must comply with the data on the shipping documents. Supplier shall ensure that all containers are identified with a container label according to VDA or AIAG, depending on individual requirements of Gentherm Location. Labels must not stick out and be easily readable.

The supplier shall set up a defined process which allows the traceability of a single part, batch production, or at a maximum 8 hours of production all the way back to each production step and inspection lot across the entire supply chain, down to the raw material/purchased parts.

5.3 Shipping Documents

Delivery notes, waybills and consignment notes or haulage orders shall be configured in accordance with the applicable Laws and standards (e.g., VDA, AIAG, DIN, etc.) as requested by the receiving Gentherm location.

Each delivery shall be accompanied by the haulage order / consignment note, one set of delivery notes or remote data transmission-waybills (the set comprising the original and three copies) as well as other necessary accompanying papers (possibly customs papers) as attachments. The Supplier shall be responsible for export customs clearance. The Supplier shall provide all papers and documents required for cross-border transport at its own cost. In the case of intra-EU-deliveries, Supplier shall specify the VAT identification number on the delivery note.

The haulage order shall always list all delivery notes that comprise the delivery, including the individual weights.

At minimum the following information shall be provided on the delivery note:

- Delivery address
- Delivery note number
- Supplier name and address
- VAT-identification number in case of intra-EU-delivery
- Supplier number (bar code)
- Country of origin
- Supplier part number
- Quantity (bar code)
- Weight (net, tare, gross)
- Supplier lot number (bar code)
- Number of boxes
- Customer part number (bar code) incl. index/ engineering level
- Customer part description
- Shipping date
- Box number (if reusable box).

Note: For Suppliers from countries different from the country of the Delivery Address, an original set of export documentation shall be sent with the shipment to the Delivery Address, and to the Gentherm customs broker directly. Prior to shipping, Supplier shall send an advanced shipping notification to the Gentherm facility, if requested by the delivery location.

All charges resulting from incorrect or inadequate customs documentation shall be borne by Supplier.

5.4 Hazardous Materials

It is Supplier's responsibility to ensure that the delivery of hazardous materials fully complies with all applicable Laws governing the transport of hazardous substances. In particular, Supplier shall

- Categorize, classify, and determine the permitted means of transport
- Identify the shipping items or packaging items
- Label the containers

- Exclusively use type-tested, authorized packaging for the transport that has been approved in writing by Gentherm
- Organize transport permits and ensure that the transport papers are in order and
- Provide safety data sheets, approval permits, etc. in good time before the first delivery.

The Supplier shall be liable for all damages arising due to failure to comply.

5.5 Purchase Orders & Deliveries

5.5.1 Cumulative Quantities in Delivery Schedules

The cumulative quantities in the Delivery Schedules permit precise delimitation of what number of Products has been received by Gentherm. The difference between Suppliers information on Products delivered and the cumulative quantities of Products received in the Delivery Schedule is the quantity of Products in transit. As the cumulative quantities are of essence for billing, Supplier shall check them precisely and inform the responsible materials planner at Gentherm without undue delay of any discrepancies.

5.5.2 Capacities

Whenever Gentherm is communicating demands to Supplier e.g., by RFQ, Schedule Agreements, Delivery Schedules, etc., Supplier shall review its capacities and inform Gentherm without undue delay of any supply bottlenecks. When reviewing its capacities, Supplier shall always consider an additional 20 % capacity to actual demands to safeguard required flexibility and further growth.

5.5.3 Minimum Order Quantities

In general, minimum order quantities are only accepted if they are in line with required minimum Production lot sizes. However, Supplier is expected to continuously work on minimization of the minimum Production lot size by applying appropriate measures (e.g., SMED workshops for setup time reduction).

The following shall apply if minimum order quantities are agreed:

- If Supplier delivers same Products to more than one Gentherm Location, Supplier shall consider all current global demands and shall split the minimum order quantity accordingly.
- If Supplier receives Delivery Schedules/Purchase Orders, minimum orders shall be split amongst subsequent Delivery Schedules/Purchase Orders.

5.5.4 Communication and Exchange of Documents

5.5.4.1 Electronic Data Interchange (EDI)

Supplier shall apply EDI for transmitting and receiving information like Delivery Schedules etc., in a defined format using remote data transmission. This enables both Parties link the received Delivery Schedules directly with their ERP-system without further manual processing. The applicable standard (e.g., VDA, AIAG, etc.) will be communicated by the receiving Gentherm Location.

Supplier shall select and implement appropriate hard- and software at its own cost.

EDI of delivery notes and other transport data by Supplier to Gentherm is a significant requirement for accelerating and rationalizing the goods receipt at Gentherm. Furthermore, EDI is used for ensuring a consistent level of data quality, avoiding input errors, and taking account of transit stocks in system-based planning of demand at Gentherm. Supplier shall transmit directly to Gentherm the data for the particular delivery contained in the consignment note or haulage order, delivery note and goods tag. The data shall be transferred without undue delay after the delivery leaves Supplier because timely transfer of the delivery note and transport data (especially in the case of short transport distances) is a precondition for the functioning of the process. This process applies in conjunction with the use of remote data transmission waybills.

5.5.4.2 Internet-based Electronic Data Interchange (WebEDI)

If Supplier does not have the necessary technical infrastructure for implementing EDI via classic remote data transmission, Supplier shall use the WebEDI platform of Gentherm. WebEDI involves the use of the Internet as the basis for one or more EDI application(s). WebEDI offers a simple, cost-effective, and secure exchange of order, delivery and invoice data with Gentherm via the Internet. Gentherm provides all necessary data (e.g., Delivery Schedules, etc.) on a specific Internet platform. After collecting and internally processing this data Supplier shall return his information (e.g., delivery notes, transportation data, invoices, etc.) to Gentherm by using this platform.

Prior to using this platform Gentherm will establish the contact between Supplier and the provider of this platform ("WebEDI-Provider"). Gentherm (through the WebEDI-Provider) offers introductory training free of charge. Supplier shall bear the fees for using the platform and all later support.

6 Commercial**6.1 Continuous Improvement**

Supplier shall develop annual continuous improvement plans, approved by upper management, which establish improvement goals, implementation dates and responsible personnel. Supplier shall have a system to identify, record and monitor costs on a regular basis for all Products manufactured and/or purchased as well as for all services provided and/or purchased. This system shall include, but not limited to:

- Manufacturing costs
- Quality costs
- Defective PPM reduction
- Purchasing costs
- Lead-time reduction
- Safety Stock / Supplier Location
- Overhead costs.

Supplier shall reduce costs annually to help offset all reduction programs implemented by customers of Gentherm so that both Parties can remain globally competitive partners. Gentherm will work proactively with its supply base to support cost reduction but expects Supplier to take the initiative in establishing projects that will generate savings. Supplier will be expected to participate in formal cost reduction reviews as required by Gentherm.

6.2 RFQ / Quotations

If requested, Supplier shall submit its quotation by using the Gentherm RFQ and Quote Analysis Form attached to the request for quotation. Supplier shall provide full cost details as listed on the form. It is Gentherm's strategy to understand all cost factors and to mutually work with Supplier to keep cost as low as possible and thus safeguard further growth of business.

When submitting the quote, Supplier is deemed to confirm that all technical, commercial, and capacity matters have been verified. Modifications due to insufficient verification are not accepted unless Gentherm has changed its requirements. Quotes shall be valid for a minimum of 6 months.

6.3 Exclusivity / Non-Compete

Supplier shall sell and/or supply the Products exclusively to Gentherm. Supplier, including its Affiliates shall neither directly nor indirectly through third parties' market, quote, sell or deliver Products to competitors or customers of Gentherm ("Non-Compete Obligation"). The term "Products" refers not only to the identical Products provided to Gentherm, but also to Products which can be used for the same or a competitive application. Gentherm will provide Supplier from time to time as required and appropriate with an updated list of its current competitors and customers.

Customers or competitors of Gentherm, which have already been supplied by Supplier with the Products prior to the conclusion of this Agreement with Gentherm, are excluded from the Non-Compete Obligation.

To the extent the Products are supplied to Gentherm and incorporated as components in or upon Gentherm's Products, Supplier remains entitled to sell the Products as spare parts to end-users or to repairers or other service providers not entrusted by Gentherm with the repair or servicing of its Products. For the avoidance of doubt, Customers, in particular OEM's, are not end-users pursuant to sentence 1 of this paragraph.

The provisions of this Section 6.3 shall be effective during the entire duration of this Agreement and for three (3) years after the termination of this Agreement.

6.4 Risk Management

Suppliers are required to maintain a risk management system to protect Gentherm's supply of Products in the event of an emergency. Such a system shall ensure:

- Maximum protection of employees and assets
- Rapid response to a critical incident or business interruption
- Immediate recovery of critical business processes and the return to normal operations
- Reduction of the potential for a critical incident through prudent preventive and training measures

The Parties agree to constantly identify and mitigate potential risks in the interests of both Parties and shall bring them immediately to the attention of the other party in sufficient detail so as to permit the other party to eliminate and/or mitigate such risks.

Contingency plans must be in place to ensure full and continuous supply on time. They shall consider, but are not limited to:

- Labor interruptions
- IT/Computer breakdowns
- Utility disruption plan
- Facility damage recovery plan
- Employee crisis counselling plan
- Internal and external critical contact list
- Transportation / border crossing restrictions

For immediate and direct communication in case of emergencies Supplier shall provide a communication matrix containing all relevant functions and contact persons.

6.5 Service Parts

For the duration of a Purchase Contract and for a period of fifteen (15) calendar years thereafter, Supplier shall provide Gentherm with Products and their components for use as service parts ("**Service Parts**") according to the terms and conditions of the respective Purchase Contract. In particular all quality requirements and specifications related to the Product shall also apply to the delivery of Service Parts. All Service Parts shall be manufactured on original tools and fixtures.

Supplier shall ensure that its suppliers comply with these provisions.

Supplier will supply Service Parts at the same price as was charged for Products and their components during a Purchase Contract for the initial five (5) years after end of Production at Gentherm, plus any actual cost difference for special packaging and/or Production runs. Pricing for Service Parts for the next ten (10) years shall be based on the prices of the most recent Purchase Contract during regular Production, adjusted for actual differences of the cost of materials, packaging and Production as mutually agreed between the Parties. If Service Parts involve systems or modules, Supplier will sell each component or part at a price that

does not, in the aggregate, exceed the system or modular price specified during regular Production, less any assembly costs and/or any additional costs that may be incurred for packaging components.

At no additional cost Supplier shall provide Gentherm any and all documentation regarding Service Parts.

The obligations contained in this section shall survive any termination of the Purchase Agreement.

6.6 Subcontracting

Supplier shall treat any and all material provided by Gentherm with care, store it correctly, in particular according to storage instructions provided by Gentherm, and insure them against damages, e.g. theft, fire, water, storm damage etc.

All items provided by Gentherm shall remain property of Gentherm. None of the items may be scrapped without Gentherm's prior written approval.

Gentherm shall be owner of any and all Products and their components described in the Purchase Contract where the value of Gentherm's Production materials contained in such Products exceeds sixty per cent (60 %) of the total value of such Products. Otherwise, Gentherm and Supplier shall have joint ownership, the ownership ratio based on the value of the material supplied by Gentherm in comparison with the Production and other components added by Supplier to the Products.

Upon request Gentherm shall have the right to demand the return of all things provided by Gentherm and all Products and their components owned by Gentherm which are in possession of Supplier or Supplier's supplier(s), in which event Supplier or Supplier's suppliers(s) will prepare them for shipment and ship them to Gentherm at their expense.

Purchaser – Gentherm

Supplier – NAME

Place and Date

Place and Date

Legal representative

Supplier, please add name and position in print letters

Legal representative

Supplier, please add name and position in print letters