



Horizon Global Supplier Manual

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Horizon Global Supplier Manual

Contents

Section 1 - Introduction and General Requirements	4
1.1 Product Liability	4
1.2 Inspection by Horizon Global	5
1.3 Evaluation and Quality Audit by Horizon Global	5
1.4 Resource Management	5
1.5 Confidentiality	5
1.6 Supplier Selection and Approval Process	5
1.7 Quality Management System and product levels	6
Section 2 – Basic Supplier Quality Requirements	8
2.1 General System Requirements	8
2.2 Product Identification	8
2.3 Manufacturing Capability / Capacity / Location	8
2.4 Supplier Receiving Inspections	9
2.5 First Piece Inspection	9
2.6 Supplier Sustainability	9
2.7 Product Traceability	12
2.8 Non-conforming Product	12
2.9 Outgoing Product Inspections	13
2.10 Sub-process qualification	14
2.11 Product Containment/Control Shipping	16
2.12 Calibration	16
2.13 Training	17
2.14 Supplier Quality Certifications	17
Section 3 – Quality System Requirements	17
3.1 PPAP Requirements	17
3.2 Design Record	17
3.3 Engineering Changes & Approvals	18
3.4 Packaging & Label Requirements	18
3.5 Process Documents CP, PF, PFMEA & DFMEA	19
3.6 Measurement Capabilities	20
3.7 Statistical Process Capabilities	21
3.8 Special Characteristics	21
3.9 Dimensional Validation	22
3.10 Material Certification & Functional Test Reports	22
3.11 Qualify Laboratory & Internal Lab Scope	22
3.12 Appearance Approval	22

Horizon Global Supplier Manual

3.13	Prototype Build & Samples	22
3.14	Regulatory Requirements	23
3.15	Capacity Analysis	23
3.16	CQI Manuals	23
3.17	Part Submission Warrant.....	23
3.18	Annual Validations.....	23
3.19	Tooling	24
Section 4	– Quality System Requirements (A Level Suppliers)	24
4.1	Internal Audits – QMS, Process, Product, Internal.....	24
4.2	Customer Scorecards & Customer Satisfaction.....	25
4.3	Supplier Monitoring & Development	25
4.4	Production Monitoring	25
4.5	Continuous Improvement	26
4.6	Design Review	26
4.7	Change Control	27
4.8	Process Approach	27
4.9	Management Reviews	28
4.10	Contingency Plans	28
4.11	Quality Policy	28
4.12	Document and Record Control	29
4.13	Materials Management Operating Guidelines (MMOG).....	29
4.14	Work Instructions.....	30
4.15	Quality Manual	30
4.16	Rework, Repair, Deviation.....	30
4.17	Error & Mistake Proofing	30
4.18	FIFO.....	31
4.19	Preventive Maintenance	31
Section 5	- Commercial	31
5.1	Communication	31
5.2	Premium Freight.....	31
5.3	Invoicing.....	32
5.4	Purchase Agreement.....	32
5.5	Master Purchase Agreement (MPA).....	32
5.6	Certificate of Origin.....	32
5.7	Shipment Paperwork	33
5.8	IT Requirements.....	33
5.9	Warranty Claims.....	34
5.10	<u>Contract Review</u>	<u>35</u>

Horizon Global Supplier Manual

Section 6 – Request for Estimate (RFE) and Request for Quotation (RFQ).....	35
6.1 Request for Estimate	35
6.2 Request for Quotation	35
Section 7 – Reference HGHQ-D-PL-FRM 0001, 0002 & 0003 Horizon Supplier Forms.....	35

Section 1 - Introduction and General Requirements

The Horizon Global Supplier Manual shall be considered a supplement to any existing or future supply agreements, purchase requirements, or contracts with the supplier. The purpose of this manual is to establish uniform procedures and guidelines to assure world-class quality systems are maintained throughout the Horizon Global supply base.

Additional requirements noted specifically on a contract, purchase order, drawing, or specification shall be complied with and will be in addition to the requirements stipulated by this manual. If there is a conflict between PO & supplier manual, the PO is the overriding document. Although Horizon Global will make every attempt to notify suppliers, Horizon Global reserves the right to revise this manual without prior notice.

In order to update our records, please complete HGHQ-D-PL-FRM-0001 HGA Supplier Onboarding documents and return them to the appropriate Horizon Global facility within the agreed time for the attention of the Supplier Manager.

- 8.1 Supplier Manual Acknowledgement Form – Signed by Supplier Key Members
- 8.2 Supplier Profile Form – Key supplier information
- 8.3.5 Supplier Assessment Audit along with a copy of the ISO or IATF certificate
- 8.3.6 Supplier Process Capabilities
- 8.17 Supplier Contingency Form

Addition Facility and Customer Specific Requirements

Note: Horizon Global may have additional requirements not listed within this manual due to Customer or product specifications. Supplier can request at any time or Horizon Global may notify the supplier of any additional requirements.

1.1 Product Liability (Treasury)

The supplier is not released from any liability, responsibility or other requirements imposed by law or otherwise in connection with parts and components sold to Horizon Global. The supplier shall not assume that approval of its products releases the supplier from any requirements, responsibility, liability or legal action that may result from the use of the products.

NOTE 1: Reference Clause 8.3.3.1 Product Design Input of IATF 16949:2016

NOTE 2: Reference Clause 8.3.5.1 Design and Development outputs of IATF 16949

Horizon Global Supplier Manual

1.2 Inspection by Horizon Global

It is the supplier's responsibility to provide products that meet the Horizon Global specifications and/or requirements. Horizon Global expects the supplier to ensure the quality of products delivered to our facilities without the necessity of Horizon Global receiving inspections or Horizon Global designated inspection at the supplier. When necessary, the supplier's products shall be subject to test, inspection and/or audit by Horizon Global or designated group at all times and places prior to acceptance.

NOTE 1: Reference Clause 8.6.4 Verification and Acceptance of conformity of externally provided products and services of IATF 16949:2016

NOTE 2: Reference Clause 8.4.2.4.1 Second Party Audits of IATF 16949:2016

1.3 Evaluation and Quality Audit by Horizon Global

Horizon Global or its approved representatives may evaluate and/or conduct quality audits at the supplier's facility or its subcontractor's facility. This may take place at any time with advance notice. The audits may include, but are not limited to, quality system audit, process audit, product audit, and process change audit. The supplier shall make its facility available for the audit and provide support for the audit.

NOTE 1: Reference Clause 8.4.2.4.1 Second Party Audits of IATF 16949:2016

NOTE 2: Reference Clause 8.4.2.5 Supplier Development of IATF 16949:2016

1.4 Resource Management

Supplier will provide the resources necessary to implement and maintain an effective Quality Management System and to continually improve its effectiveness. Furthermore, employees must be provided with the equipment, facilities, training, and work environment conducive to producing high quality products that consistently meet the Product specifications of Horizon Global.

NOTE 1: Reference Clause 7.1.2 People of IATF 16949:2016

NOTE 2: Reference Clause 7.1.3 Infrastructure of IATF 16949:2016

1.5 Confidentiality

It is the supplier's responsibility to apply sufficient control to protect the confidentiality of Horizon Global data that includes, but is not limited to, product design and engineering testing.

NOTE 1: Reference Clause 8.1.2 Confidentiality of IATF 16949:2016

NOTE 2: Reference Clause 7.5.3 Control of Documented Information of IATF 16949:2016

1.6 Supplier Selection and Approval Process

It is the intent of Horizon Global to develop mutually beneficial, long-term partnerships with suppliers. Therefore, it is necessary to agree on the fundamentals of this partnership. These fundamentals include completing a Horizon Global Supplier Development Profile, provide a quotation in a timely manner, pass a Supplier Quality System Assessment, and provide evidence that all terms and conditions of the contractual agreement for price, delivery, and program timing can be met by the supplier. All suppliers to Horizon Global must obtain Approved status.

NOTE 1: Reference Clause 8.4.1.2 Supplier Selection process of IATF 16949:2016

Horizon Global Supplier Manual

NOTE 2: Reference Clause 8.4.1.3 Customer Directed sources (Directed Buy) of IATF 16949:2016

1.6.1 Supplier Profile

All potential suppliers are required to complete a Horizon Global Supplier Development Profile. An on-site visit by Horizon Global may accompany the completion of this survey, or the supplier may be requested to complete it as a self-assessment. This survey is intended to provide Horizon with a basic understanding of the systems, facilities, and capabilities of the potential supplier. (Reference - HGHQ-D-PL-FRM-0001 Horizon Global Supplier Onboarding Forms - 8.2 Supplier Profile Form)

NOTE 1: Reference Clause 8.4.1.2 Supplier Selection process of IATF 16949:2016

NOTE 2: Reference Clause 8.4.1.3 Customer Directed sources (Directed Buy) of IATF 16949:2016.

1.6.2 Supplier Quality System Assessment

A Supplier Quality System Assessment will be conducted for all suppliers and sub-tiers in consideration of awarding of a new program. It is conducted according to ISO 9001 and IATF 16949 recommended audit guidelines and is summarized across the team to determine the nature and extent that risk exists within a new project, if awarded to a particular supplier. This risk assessment will not only be used as part of the selection criteria, it will shape the nature of the relationship and the extent of the interaction between Horizon Global and the supplier awarded the new program during the Advanced Quality Planning and Launch. A supplier must score 95 points to achieve Quality System Level A and qualify to supply OEM product. If a supplier scores 94.99 – 68.00, then it will Qualify to Level B and qualifies to supply Non-OEM product. A supplier that scores under 68 will not be approved on our supplier list.

(Reference - HGHQ-D-PL-FRM-0001 Horizon Supplier Onboarding Forms - 8.3 Supplier Audit)

1.7 Quality Management System and product levels

Horizon Global supplies products through many different segments. Each segment has different requirements for quality documentation. Each product will be identified with the corresponding quality level requirement (A OEM and B AFT).

Therefore, each supplier must have their Quality Management System certified to meet the different requirements.

A supplier with a QMS at A level can supply products at the A & B Level. However, a QMS at B level can only supply product at the B level. They will not be able to supply products at the A level. Suppliers that cannot meet the Basic Supplier Quality Requirement (Section 2) and pass the QSA with a B or higher will not be able to supply products to Horizon Global. Grandfather clause: Suppliers currently supplying products will be able to continue to make this product no matter what level their quality system achieves. However, to manufacture newly designed products, the supplier's quality system level must match the required part quality level.

NOTE 1: Reference Clause 8.4.1 Control of externally provided processes, products, and services of IATF 16949:2016

NOTE 2: Reference Clause 8.4.2.3 Supplier quality management system development of IATF 16949:2016

Horizon Global Supplier Manual

Supplier Levels and Requirements

Horizon Global suppliers are expected to meet the set of requirements below in order to become a supplier to Horizon Global. These requirements are based on product type sourced.

- Level B: Aftermarket/Retail products that do not go to a manufacturing or assembly facility.
- Level A: Industrial or Automotive OE.

- X: Indicates mandatory requirement

Requirement	Aftermarket/Retail (Level B)	Industrial & Automotive OEM (Level A)
Cleanliness	X	X
IQC	X	X
First Piece	X	X
Product ID	X	X
Product Traceability	X	X
NCM Process	X	X
Outgoing inspection	X	X
PPAP	X- Level B	X – Level A
Calibration	X	X
Design Review	X	X
Packaging/Product Preservation	X	X
Sub-process verifications (Molding, Welding, Paint/Coating, Plating, Engineering Performance Standard	X	X
Corrective Action	X	X
Training	X	X
Work Instruction	X	X
Control Plan	X	X
Quality Manual	X	X
Rework Process	X	X
Deviation process	X	X
Customer Communication	X	X
Change Control	X	X
Error Proofing	X	X
CQI Assessments	X	X
Flow/FMEA	X	X
Capacity Analysis	X	X
ISO Certification		X
Internal Audits (QMS, Process, Product, Internal)		X
MSA	X	X
Scorecards/Customer Satisfaction		X
Supplier Monitoring/Development		X
Production Monitoring	X	X
Continuous Improvements	X	X
Capability Studies	X	X
Tooling	X	X
Preventative Maintenance	X	X
Process Approach		X
Management Reviews		X
Contingency Plans	X	X

Horizon Global Supplier Manual

Quality Policy		X
Document/Record Control	X	X
IMDS submission	X	X
MMOG		X
Annual validations		X
Control Shipment 1 & 2	X	X

NOTE 1: Reference Clause 8.4.2.3 Supplier quality management system development of IATF 16949:2016

NOTE 2: Reference Clause 8.4.2.4.1 Second Party audits of IATF 16949:2016

Section 2 – Basic Supplier Quality Requirements

2.1 General System Requirements

Organization

The supplier shall clearly document their quality system. Personnel who are performing quality functions shall have well defined training, responsibility, authority, and organizational freedom to identify, evaluate and solve problems that affect quality.

Quality Planning

The supplier shall review all requirements specified on the Horizon Global purchase order, engineering drawing, relevant specifications/standards, and related documents during the earliest practical phase to assure that compliance can be attained and maintained.

The supplier is expected to identify required processes and provide for the implementation and monitoring of controls, test equipment, fixtures tooling, and skills required to ensure consistency in product quality.

Horizon Global expects its suppliers to be committed to a quality assurance program that meets/exceeds the appropriate quality system (ISO 9001, IATF 16949 & VDA) requirements and timely and effective concern resolution to meet end user requirements for:

- Defect Prevention/Identification
- Efficient Problem Solving
- Effective Corrective Action and Validation

NOTE 1: Reference Clause 8.1 Operational Planning and Control of IATF16949:2016

2.2 Product Identification

The supplier shall identify the product by suitable means throughout the entire manufacturing process. The product will be identified with respect to product status and part number at a minimum. During product level transitions, the engineering level should also be identified on the packaging, supplier is responsible to meet traceability per Horizon Global requirements.

NOTE 1: Reference Clause 8.5.2 and 8.5.2.1 Identification and Traceability of IATF 16949:2016

2.3 Manufacturing Capability / Capacity / Location

Suppliers are expected to have the resources necessary (people, property, facilities, equipment, and materials) to supply the products required to accommodate Horizon Global's production schedule. This is a requirement to be able to be a preferred supplier to Horizon Global.

NOTE 1: Reference Clause 7.1.3.1 Plant, facility, and equipment planning of

Horizon Global Supplier Manual

IATF16949:2016

NOTE 2: Reference Clause 8.3.3.2 Manufacturing process design input of IATF 16949:2016.

NOTE 3: Reference Clause 7.1.2 People of IATF 16949:2016.

NOTE 4: Reference Clause 7.1.3 Infrastructure of IATF 16949:2016.

2.4 Supplier Receiving Inspections

The supplier shall have incoming product quality measures and shall use those measures as key indicators of sub-tier supplier product quality management. In addition, part evaluation by a designated lab or another method with the agreement of Horizon may be required.

NOTE 1: "measures" include chemical, dimensional, certifications, and electrical measurements. Any non-conformance found by supplier during receiving inspection must have containment and corrective actions from sub-tier supplier.

NOTE 2: Reference Clause 8.6.4 Verification and acceptance of conformity of externally provided product and services of IATF 16949:2016.

2.5 First Piece Inspection

A first piece inspection is required on all production lots. The supplier is responsible for having a first piece approval process. The supplier is responsible for having a reaction plan for any product found non-conforming and an approval process when part is found acceptable.

NOTE 1: Reference Clause 8.5.1.1 Control Plan of IATF 16949:2016.

2.6 Supplier Sustainability

Horizon Global encourages its suppliers to conduct their business in a sustainable manner. All suppliers are encouraged to comply with the Environmental, Social, and Governance elements of our Sustainability Requirements.

2.6.1 Environmental:

Horizon Global has established an Environmental Management System in line with ISO 14001 requirements at our manufacturing facilities. Horizon Global is committed to global environmental impact reduction through continuously improving key factor performance. Horizon Global is aggressively looking for reduction activities, by engaging in and implementing the most modern environmental recommendations throughout our supply chain.

Horizon Global encourages all suppliers to have an Environmental Management System (compliant with ISO 14001) and any changes to their certification must be notified to Horizon's Supplier Quality.

All Horizon Global suppliers are expected to work with Horizon Global to reduce environmental impacts, meet the Environmental and sustainability requirements, and comply with our Corporate Environmental Policy and Corporate Supplier Sustainability Policy.

Horizon Global suppliers are required to conduct their organization's activities with a commitment to reduce the environmental impact, including, but not limited to:

- Reduce carbon footprint related to their operations

Horizon Global Supplier Manual

- Reduce water consumption.
- Reduce electricity consumption.
- Incorporate renewable energy sources and energy reducing mechanisms into their operations.
- Have a chemical management system across their business and their supply chain.
- Reduce waste generated and related pollution.
- Protect biodiversity and at-risk ecosystems.
- Comply with all applicable legal requirements.
- Product Chemical Compliance: All Suppliers are required to submit the Chemical declarations for the products they supply as per the requirements in PPAP.
- (REACH, RoHS, Prop 65, IMDS, etc.)
- Responsible Sourcing: All suppliers are required to comply with Horizon's Corporate Conflict Minerals Policy.
- Provide all required regulatory documents (which includes marking, labeling of Hazardous material etc.) in languages requested by Horizon.
- Manufacturing and delivery practices (packaging etc..) must also adhere to our corporate Environmental Policy.

Suppliers must confirm that they communicated Horizon Global's Environmental Policy to their employees. Any violations must be reported to Horizon Global's Supplier Quality.

Sub- Supplier Controls:

Horizon Global suppliers and their supply chain must abide by the requirements defined in this Manual for all products and services provided.

Suppliers must ensure that any violations in their supply chain are documented, and Horizon's Supplier Quality must be notified of any violations to this Manual and policies identified.

2.6.2 Social:

Occupational Health & Safety:

Horizon Global encourages all suppliers to have an Occupational Health & Safety Management System (compliant with ISO 45001) and any changes to their certification must be notified to Horizon's Supplier Quality.

Horizon Global requires its suppliers to have a safe and healthy workplace that complies with Horizon Global's Corporate Health & Safety Policy. The suppliers must ensure that the products and services provided comply with all Occupational Health & Safety, regulatory requirements in the country of manufacture and the country of sale.

Working Conditions: Horizon Global requires its suppliers to comply with its Corporate Supplier Sustainability Policy and Corporate Human & Labor Rights Policy. These policies are in line with applicable laws and Horizon requires its suppliers to meet the requirements.

Diversity is an integral part of our business and Horizon Global encourages support for these activities

Contingency Planning: Suppliers are expected to develop an extensive system to monitor and manage action plans such as Disaster Recovery, Emergency Preparedness, and other events that may disrupt services and supply.

2.6.3 Governance:

Supplier Code of Conduct:

Horizon Global Supplier Manual

All our suppliers must comply with all the applicable laws and requirements which are outlined in Horizon Global's "The Spirit and The Letter" (Code of Conduct). Suppliers are expected to provide services in a lawful and responsible manner, protecting the environment and safeguarding workers' rights.

The Key areas include.

- Labor rights and respectful workplace
- Ethical behavior
- Health & Safety at workplace
- Environmental protection

It is suppliers' responsibility to ensure that the business across all their facilities and to cascade the requirements through their supply base.

Minimum requirements:

- No child labor: Workers must be older than 15 years of age or legal minimum age to be employed.
- No force labor: Workers must not be subjected to any physical or financial punishments, must have access to all their identification documents at all times, must be able to access all basic requirements like water.
- Equality: No worker should be discriminated against or harassed verbally or physically.
- Freedom of association: Workers must have the right to join any legal organization and should be able to collectively bargain.
- Environmental protection: Any hazardous substances must be disposed of properly, and all activities must be performed to ensure they do not cause harm to the environment.
- Safe working conditions: Workers must be protected from any hazards like fire accidents, explosions etc. The facilities must be well equipped with fire detection, alarms, sprinklers. All machines must have safeguards to protect the workers from any injuries.

2.6.4 Audits and Self-Assessments:

Audits: All suppliers are required to update Horizon Global Corporation with the status of their certifications (i.e., ISO-all, IATF16949, etc.). Horizon Global Corporation reserves the right to conduct audits to ensure compliance with these requirements and to take proper actions in response to any violations, including suspending any relationship with a supplier should they violate, fail to correct poor performance, or repeatedly violate this requirement.

Self – Assessments: All suppliers and sub-tiers are required to complete the self-assessment surveys for Sustainability. This assessment is used for evaluating risks in social responsibility and environmental impact throughout Horizon Global's Supply Chain.

Any questions regarding the self-assessment questioner can be directed to Supplier Quality and/or Global Business Management (Systems & Compliance) compliance@horizonglobal.com.

Horizon Global Supplier Manual

2.7 Product Traceability

Horizon Global requires all suppliers to maintain a lot of traceability control of products manufactured by suppliers. All parts and containers must have markings and traceability records as established by the drawings or existing agreements. If there is not already an established drawing requirement or existing traceability agreement between Horizon Global and supplier that has a maximum of 30-day traceability, supplier must respond back to Horizon Global with the maximum lot size (Date range and number of products) that they are currently able to track by part number. Horizon Global established a traceability requirement for the assembly and/or parts to be able to perform a 30-day maximum trace of lots, heats, and parts (parent and child relationships) any relevant processing information.

2.7.1 Traceability on Parts

The product markings (Part number and other information) shall be located on each part of the drawing. Markings must be legible after the painting process and where applicable, be human readable, readable by a cell phone app or another secondary device. Horizon Global drawing may have additional identification requirements and is the overriding document in areas of conflicting requirements. Drawing does not change the new requirement of a maximum of 30 days for traceability.

2.7.2 Traceability on Packaging Box

For products shipped to Horizon Global locations, each packing document (slip) and/or the package label (label requirement 3.20) must have a date code and traceability information such as, lot and heat number. It shall be stamped or printed in ink that will stay legible throughout the shipping, handling, storage, and distribution processes. The supplier code number will be assigned/agreed to by Horizon Global and is supplier and location specific.

The date code shall indicate the product packaging date. The supplier shall maintain written records of the dates of each group, heat, batch, or lot packed. These records shall allow traceability to the material and processes used and to the raw material certification. This requirement includes all components with the product including hardware, coatings, etc.

Please review Supplier Packaging Standard - HGHQ-D-EN-GUI-0001

NOTE 1: Reference Clause 8.3.3.1 Product Design Input of IATF 16949:2016

NOTE 2: Reference Clause 8.5.2 and 8.5.2.1 Identification and Traceability of IATF 16949:2016.

2.8 Non-conforming Product

2.8.1 Non-Conforming Product Detected at the Supplier's Location

The supplier shall immediately identify any parts/product suspected of being non-conforming and prevent their use, shipment or mixing with conforming product. The extent of the problem should immediately be determined, and prompt action taken to correct the issue.

The supplier shall dispose of the non-conforming parts/product as soon as possible. Records of the nature of the non-conformance and actions taken shall be maintained.

When a nonconformance is found and there is a possibility that the defective product was shipped or delivered to Horizon Global, the supplier shall **immediately**

Horizon Global Supplier Manual

notify our facility buyer or Supplier Quality for appropriate interim action.

NOTE 1: Reference Clause 8.7.1 Control of Nonconforming outputs of IATF 16949:2016.

2.8.2 Non-Conforming Product Detected at Horizon Global or our Customers

When non-conforming parts/products are detected at Horizon Global or its customer, the supplier will be notified by email and document in our internal Enterproj system (Problem Resolution). The supplier is assumed responsible and required to initiate an investigation of the non-conformance. It is the supplier's responsibility to provide evidence. Root cause and corrective action may be required. Initial response and containment action are required within 24 hours followed by root cause within 5 days, permanent corrective actions within 10 days and effectiveness of corrective actions within 14 days. It is the supplier's responsibility to request an extension if is needed.

Non-conforming parts/product detected at Horizon may be returned to the supplier, at Horizon Global discretion. Supplier Quality will notify the supplier and decide for the disposition (HGHQ-D-PL-FC-0003 Supplier Chargeback Process).

Costs incurred by either Horizon Global, its customer (s) or the supplier for the sorting, disposition, rework, repair or return of non-conforming parts/product are the responsibility of the supplier and may include (but are not limited to)

- Cost of goods, Sorting, Rework & Repair, Material, Shipping, Handling & Storage, Packaging, Labor (direct & indirect), Contracted services, Customer related charge backs

Horizon Global document HGHQ-D-PL-FRM-0003 Horizon Supplier Manual Forms includes forms used for corrective and preventive actions, supplier charge backs and costs incurred.

NOTE 1: Reference Clause 8.7.1.2 Control of nonconforming product customer-specified process of IATF 16949:2016.

NOTE 2: Reference Clause All areas of 8.7.1 to 8.7.2 of IATF 16949:2016.

2.9 Outgoing Product Inspections

The supplier shall have outgoing product quality measures and shall use those measures as key indicators of supplier product quality management. Outgoing Product Inspections must be reviewed upon any non-conformances found at supplier, Horizon Global or our customers.

Evidence of effectiveness shall be based on having a defined process and implementation of the process including measurement and monitoring. The supplier may add other parameters as appropriate.

Note: "measures" include chemical, dimensional, certifications, and electrical measurements.

2.9.1 Production Shipments

- Raw material shipments may require a material certification to be submitted with EACH shipment. Material is subject to rejection upon incoming inspection if the material certification is not present with shipment

Horizon Global Supplier Manual

documentation if required. In addition to the actual results, the material certifications must show the chemical, metallurgical and physical/performance requirements of the particular standard as a method of easy verification. The certificate must also have a clear indication of acceptability that indicates a pass/fail condition which is dated and signed.

- In addition to be a PPAP requirement, these certifications may be required to accompany shipments or sent in advance of the shipment arriving to a Horizon Global facility

NOTE 1: Reference Clause 7.1.5.1 Monitoring and Measuring Recourses of IATF 16949:2016.

2.10 Sub-process qualification

All special processes must be qualified by the supplier regardless of whether they are internal or subcontracted. Any processes on the list below must be audited at a minimum annual basis for compliance with the requirements (Section 4.2). Any changes to the process or materials must be communicated and approved by Horizon Global prior to implementation (HGHQ-D-PL-FRM-0003 tab 8.10). Testing may be required.

Any CQI forms or standards will need to be purchased by the supplier by visiting the www.aiag.org website. Any internal forms can be requested from your HGA Purchasing contact. CQI are required to be updated annually and submitted to Purchasing or SQE contact.

NOTE 1: Reference Clause 8.4.3 Information for external providers of IATF 16949:2016.

2.10.1 Weld Requirements

All welded products must be performed per the Horizon weld standards and meet the weld criteria in the standards (HGHQ-D-EN-STD-0009), or customer specifics.

Additionally, suppliers are required to meet and complete CQI-15 Welding System Assessment from the Automotive Industry Action Group (AIAG).

Note: Testing of weld frequency is required to be noted on the control plan.

2.10.2 Paint & Plating Requirements

All painted or plated parts / product shall meet the Horizon engineering performance specifications or customer specifics.

Samples, as requested, ran through the production process must be tested at a certified laboratory to validate that the process will produce parts meeting the specifications. Copies of the test reports must be submitted and approved by Horizon Global. This approval will be documented as part of the PPAP process.

Plating requirements i.e. Zinc, chrome, etc. will be specified on the drawings and/or additional documentation.

Additionally, suppliers must also meet and complete CQI 11 Plating System Assessment for plated parts and CQI-12 Coating System Assessment for

Horizon Global Supplier Manual

painted/coated parts as prescribed by the Automotive Industry Action Group (AIAG).

2.10.3 Engineering/Performance Standards

All suppliers must meet all Engineering/performance standards documented on the Engineering drawing. Samples must be tested at a certified laboratory to validate the process at PPAP and annually at a minimum.

2.10.4 Plastic Molding

All suppliers must meet the molding standards defined in the engineering document. Samples must be tested at a certified laboratory to validate the process at PPAP and annually at a minimum.

Additionally, suppliers must meet and complete the CQI-23 Molding System Assessment prescribed by the Automotive Industry Action Group (AIAG).

2.10.5 Heat Treat

All suppliers must meet the Heat Treat standards defined in the engineering document. Samples must be tested at a certified laboratory to validate the process at PPAP and annually at a minimum.

Additionally, suppliers must meet and complete the CQI-9 Heat Treat Assessment prescribed by the Automotive Industry Action Group (AIAG)

2.10.6 Casting/Forging

All suppliers must meet the casting/forging standards defined on the engineering document. Samples must be tested at a certified laboratory to validate the process at PPAP and annually at a minimum. Supplier is required to meet process validation.

Additionally, suppliers must meet and complete the CQI-27 Special Process Casting System Assessment prescribed by the Automotive Industry Action Group (AIAG)

2.10.7 Soldering

All suppliers must meet the Soldering standards defined in the engineering document. Samples must be tested at a certified laboratory to validate the process at PPAP and annually at a minimum.

Additionally, suppliers must meet and complete the CQI-17 Soldering System Assessment prescribed by the Automotive Industry Action Group (AIAG)

2.10.8 Software Embedded

All suppliers providing embedded software in an electronic component or subcomponent for a production or service part supplier to our organization must comply to ASPICE unless the supplier has an agreed authorization from the Senior Management of Engineering.

2.10.9 Outside Processes (not specified 2.10.1 to 2.10.8)

All suppliers providing products and/or services will be required to meet customer defined specifications and requirements. Specific instructions and contingency requirements will be determined by project, for example CQI 14, CQI 19 are other best practices that may be required. The extent of supplier monitoring will be determined as part of the purchase agreement.

Horizon Global Supplier Manual

2.11 Product Containment/Control Shipping

2.11.1 Controlled Shipping Level 1

Controlled Shipping Level 1 is a demand by Horizon Global that a supplier put in place a redundant inspection process at the supplying location to sort for a specified non-conformance, implement a root-cause problem solving process, and isolate Horizon Global from the receipt of nonconforming parts/material. The redundant inspection is in addition to normal controls and is carried out by the supplier's employees. If placed on Level 1 Containment by Horizon Global, the supplier will do the following:

- Submission of a Level 1 containment plan and/or corrective action plan to Horizon Global.

Evidence based on data from the controlled shipping area that the normal production process is free of all non-conformances for a minimum of 30 calendar days after the start of mass production, agreed time period or shipment quantity after implementation of permanent corrective action.

Level 1 Containment may be elevated to Controlled Shipping Level 2 and/or New Business Hold if zero defects and/or permanent corrective action is not achieved.

NOTE 1: Reference Clause 8.4.2.4 Supplier Monitoring of IATF 16949:2016.

NOTE 2: Reference Clause 9.1.2.1 Customer Satisfaction – Supplemental of IATF 16949:2016.

2.11.2 Controlled Shipping Level 2

Controlled Shipping Level 2 is a Horizon Global requirement for a supplier to put in place a 3rd party redundant inspection process to sort for a specific nonconformance, while maintaining Controlled Shipping Level 1 inspections, and implementing a root-cause problem solving process. The data obtained from the 3rd party redundant inspection process as well as process audits are critical as both a measure of the effectiveness of the secondary inspection process and the corrective actions taken to eliminate the initial nonconformance.

Controlled Shipping Level 2 will be initiated for one or more of the following reasons:

- Repeat Non-Conformances as addressed by Horizon Global:
- Repeat failure to submit compliance data that accurately reflects the physical component.
- Supplier's current controls are not enough to ensure conformance to requirements.
- Controlled Shipping Level 1 non-conformances.
- Major Production Line Disruptions.
- Quality Problem in the field (Warranty).

Level 2 Containment will be initiated with a formal meeting between Horizon Global, the third-party, and the supplier to establish all containment criteria. Exit from Controlled Shipping Level 2 will be based on data that the normal production process is free of all non-conformances for a minimum of 30 calendar days or agreed time period after the implementation of permanent corrective action.

Level 2 Containment may cause the supplier to be subjected to a new business hold if timely permanent corrective action is not achieved.

Horizon Global Supplier Manual

The Supplier may submit a written request to Horizon Global, after the minimum 30 calendar days, agreed time period or shipment quantity, to be removed from any containment level. This request must provide evidence that all the criteria of the containment have been met. Horizon Global will remove the supplier containment status after verification of the effectiveness of implemented actions in writing.

NOTE 1: Reference Clause 8.4.2.4 Supplier Monitoring of IATF 16949:2016

NOTE 2: Reference Clause 9.1.2.1 Customer Satisfaction – Supplemental of IATF 16949:2016

2.12 Calibration

Measurement and test equipment used in the manufacture and/or inspection of Horizon Global products must be calibrated to the most recent measurement standards and are traceable to the appropriate National Standards of the country of manufacture. Equipment will be calibrated at intervals necessary to ensure accuracy. Usage of any external laboratories must be third party accredited.

NOTE1: Reference Clause 7.1.5.2.1 Calibration/Verification Records of IATF 16949:2016.

NOTE 2: Reference Clause 8.5.1.7 Production Scheduling of IATF 16949:2016.

2.13 Training

The supplier shall maintain appropriate records of training, education, experience and skills for its employees and contract or agency personnel. Personnel performing quality functions shall have responsibility, authority and organizational freedom to identify, evaluate and solve problems that affect quality.

NOTE 1: Reference Clause 5.3.1 Organizational roles, responsibilities and Authorities of IATF 16949:2016.

NOTE 2: Reference Clause 7.2.2 Competence – on the job training of IATF 16949:2016.

2.14 Suppliers Quality Certification

Supplier QMS certification to ISO 9001 or IATF16949 completely satisfies the requirements for quality management system development. Further QMS development by the organization is not required while the supplier's certification is valid. If the supplier certification expires, or if is cancelled or withdrawn by their Certification Body, the organization shall establish and implement a plan for second-party audits to ensure continued compliance to IATF 16949 until the supplier is recertified.

Section 3 – PPAP Requirements

This section outlines the Horizon Global PPAP requirements.

3.1 PPAP Requirements

Horizon Global utilizes the Production Part Approval Process (PPAP) as documented verification that all engineering design requirements are understood and met, and the process has the potential to produce parts/product consistently meeting these requirements. All PPAP requirements (see form HGHQ-D-PL-FRM-0002) shall be completed by the supplier with the required documentation and submitted to Horizon

Horizon Global Supplier Manual

Global with the Part Submission Warrant (PSW). The approved Warrant (PSW) confirms that the parts/product meets engineering and quality requirements at the time of the PPAP submission and is qualified for production but does not authorize full production. Start of production must follow Horizon Global purchasing directions on the initial order.

The supplier must not ship Production Parts without an approved Part Submission Warrant or written approval. Suppliers are to meet all requirements of the latest released edition of the AIAG Production Part Approval Process (PPAP) manual. This requirement extends to all commodities supplied by the supplier's subcontractors and third-tier suppliers.

NOTE 1: Reference Clause 8.3.4.4 Product Approval Process of IATF 16949:2016.

3.2 Design Record

Supplier shall submit the most up to date Supplier or Horizon Global approved drawing, that supports the Product and PPAP documentation, matching the Purchase Order revision level.

Note: When revision on Purchase Order and Drawing does not match, please contact the SQE or your Purchasing/Buyer contact.

NOTE 1: Reference Clause 8.3.4.4 Product Approval Process of IATF 16949:2016

NOTE 2: Reference Clause 7.5.3.2.2 Engineering Specifications of IATF 16949:2016.

3.3 Engineering Change Documents and Approvals (Marked up/Redline and Prototype Drawings)

In the event where the supplier has been instructed to submit PPAP without a fully approved drawing. The drawing must be signed and dated by a Horizon Global authorized design engineer.

NOTE 1: Reference Clause 8.3.4.4 Product Approval Process of IATF 16949:2016.

NOTE 2: Reference Clause 7.5.3.2.2 Engineering Specifications of IATF 16949:2016.

3.4 Packaging & Labeling Requirements

3.4.1 Follow Packaging & Palletize Procedure

- **Packaging** - HGHQ-D-EN-GUI-0001
- **Palletize** - HGHQ-D-EN-STD-0205

3.4.2 Sample Submissions

The supplier shall attach a Manilla/White label clearly stating "PPAP Samples" or "Prototype Samples" to the outside of each pallet or container of parts/products. Use of Horizon Global "SAMPLE Label – F-QU-016" is required and is available by asking a member of the Horizon Global quality team or also can be found in HGHQ-D-PL-FRM-0002

3.4.3 Design and/or process changes

When a design or process change occurs during mass-production, the supplier is required to attach a WHITE label clearly identifying the engineering change request number to the outside of each pallet or container of the first shipment of changed parts/product

"SAMPLE Label – F-QU-016" is required and is available by asking a member of the Horizon quality team or also can be found in HGHQ-D-PL-FRM-0003.

Horizon Global Supplier Manual

3.4.4 First Production Parts

The supplier shall attach an ORANGE label identifying it as a new product to the outside of each pallet or container of the first shipment of parts/product.
“New Product”

3.4.5 Country of Origin Markings

All products must be legibly marked in English. The phrase “Made in XXXX ” must be used. This marking must be in a conspicuous place on either the product, packaging, or both. If the product is marked, it should be indelible and permanent as the nature of the product will permit. The location of the marking must be approved by Horizon Global and will be noted on the drawing. Any change in location must be approved by Horizon Global in writing prior to the change being implemented.

3.4.6 Box/Container Label

All products must be legibly marked in English. Must use Code 39 Label requirement or meet drawing requirements.

Must have the following Scannable product characteristics:

- Horizon Global Part number
- Quantity
- Revision Level
- SKU/UPC
- Supplier Code

3.5 Process Documents (All Operations # should correspond)

3.5.1 Control Plan

The production control plan (HGHQ-D-PL-FRM-0002 - 8.9) describes in writing the systems for controlling the parts and processes during full production. All critical and significant characteristics identified on the drawing shall be designated as such in the control plan. The supplier shall develop a control plan to identify all product and process characteristics and how they will be controlled. The control plan is a living document that must be updated to reflect approved process changes and revisions. Refer to the AIAG Advanced Product Quality Planning and Control Plan – APQP reference manual. A Customer Specifics Control Plan may be required.

NOTE 1: Reference Clause 8.5.1.1 Control Plan of IATF 16949:2016

NOTE 2: Reference Clause 8.5.6.1.1 Temporary Change of Process Controls of IATF 16949:2016.

NOTE 3: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

3.5.2 Process Flow

The process flow chart is a graphical representation of the current or proposed process flow. The supplier shall develop the process flowchart to list all process steps and indicate the relationships between operations and quality control points beginning with receipt of raw material to packaging and shipment to Horizon Global. Any subcontracted process shall be identified.

NOTE 1: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

3.5.3 PFMEA

The process FMEA is a systematic approach used by the responsible manufacturing team to determine and identify where potential failure in a product and/or process could occur, the effects of those failure, the actions necessary to eliminate or reduce the probability of the potential failure from occurring and to provide documentation of the failure identification and elimination process. The supplier shall develop the PFMEA for all new or revised parts/products. The PFMEA is a living document and must be reviewed and updated as new failure modes are discovered. All corrective actions submissions require a PFMEA update. A sample PFMEA form is shown in the forms section (HG HQ-D-PL-FRM-0002 – 8.8). Refer to the AIAG Potential Failure Mode and Effects Analysis – FMEA reference manual form. Customer Specifics PFMEA may be required.

NOTE 1: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.2.1 Design and development planning of IATF 16949:2016.

NOTE 3: Reference Clause 8.3.5.1 Design and development outputs of IATF16949:2016.

NOTE 4: Reference Clause 8.3.5.2 Manufacturing Process design output of IATF16949:2016.

3.5.4 DFMEA (When Supplier is design responsible)

The design FMEA is a disciplined analytical technique used by the responsible design team to determine and identify where potential failure in a product could occur, the effects of those failures, the actions necessary to eliminate or reduce the probability of the potential failure from occurring and to provide documentation of the failure identification and elimination process. The supplier shall develop the DFMEA for all new or revised parts/products that they are design responsible for. The DFMEA is a living document and must be reviewed and updated as new failure modes are discovered. A sample DFMEA form is shown in the forms section (F-QU-002- 8.7). Refer to the AIAG Potential Failure Mode and Effects Analysis – FMEA reference.

NOTE 1: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.2.1 Design and development planning of IATF 16949:2016.

NOTE 3: Reference Clause 8.3.5.1 Design and development outputs of IATF16949:2016.

NOTE 4: Reference Clause 8.3.5.2 Manufacturing Process design output of IATF16949:2016.

3.6 Measurement Capabilities

3.6.1 MSA

Supplier shall provide evidence of MSA that validates the use of gages or equipment used to measure the product characteristics. All OEM products require evidence of each gage/equipment documented on the control plan. All Non-OEM products require a minimum feature that are identified with special/critical characteristics on the drawing. (MSA manual which is available from Automotive Industries Action Group-AIAG)

Horizon Global Supplier Manual

3.6.2 Fixtures or test equipment

Supplier shall provide drawings for any part specific fixtures or test equipment.

Note: Gages or Equipment used must be maintained in a calibrated system (Section 2.12).

NOTE 1: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

NOTE 2: Reference Clause 9.1.1.2 Identification of statistical tools of IATF16949:2016.

3.7 Statistical Process Capabilities

3.7.1 Initial Process Studies

Supplier shall use initial studies to support inspection sample size and frequency listed in the control plan.

3.7.2 Ongoing Process Studies

The supplier shall maintain a PPK > 1.33 PPK. The supplier is responsible for monitoring and document process capabilities and should use multiple indices, e.g. Pp, Ppk, Cp, Cpk to determine improvement actions.

Note: Default quantity of 125 parts minimum for special characteristics found on the drawing, Changes in quantity must be approved by the Horizon Global SQE.

NOTE 1: Reference Clause 9.1.1.1 Monitoring and measurement of manufacturing processes of IATF 16949:2016.

NOTE 2: Reference Clause 9.1.1.2 Identification of statistical tools of IATF16949:2016.

3.8 Special Characteristics (K, SC, CC, R)

Horizon Global defines a key characteristic (material, dimension, performance) or a process parameter whose variation can negatively affect: compliance with the regulations (environmental/safety); safety of the user of a vehicle or product; the satisfaction of the final customer through quality reliability or durability of a fit, form and function; the performance of the product by downstream processing customers (inability to be workable/mountable).

All Key Characteristics identified in the customer DFMEA, customer product development engineer approved supplier DFMEA (design responsible suppliers) and/or customer prints shall be clearly identified on process flow diagrams, PFMEA, control plans and addressed appropriately in supporting PPAP studies.

Note Standard: HGHQ-D-EN-STD-0035

NOTE 1: Reference Clause 8.3.3.3 special characteristics of IATF 16949:2016.

NOTE 2: Reference Clause 8.2.3.1.2 Customer-Designated Specific Characteristics of IATF 16949:2016.

NOTE 3: Reference Clause 8.3.5.1 [c] Design and development outputs of IATF16949:2016.

NOTE 4: Reference Clause 8.3.5.2 [b] Manufacturing process design output of IATF16949:2016.

Horizon Global Supplier Manual

3.9 Dimensional Validations

Dimensional validation results of 5 parts per part number, per cavity, per process (Machine, Assembly Lines), product with multiple cavities please contact your Purchasing/Buyer or SQE to negotiate quantity of dimensional. Report must include all dimensions to the noted tolerance on the drawing.

NOTE 1: Reference Clause 8.6.2 Layout inspection and functional testing of IATF 16949:2016.

3.10 Material Certs and Functional Test reports

Supplier shall submit material certifications from the approved material called out on the drawing. Supplier shall submit functional reports to show product meets drawing requirements (hardness, durability, force, environmental, etc.).

Note: Supplier shall submit all evidence of compliance of all sections on the specification or functional testing of the drawing. Horizon Global may require the material certification to be sent with each shipment or prior to the shipment. Supplier is responsible to have a copy of any specifications on the drawing.

NOTE 1: Reference Clause 8.6.2 Layout inspection and functional testing of IATF 16949:2016.

3.11 Qualify Laboratory Documentation or Internal Lab Scope

Supplier shall submit Internal Lab Scope and for external validation a Certificate of the Qualified Laboratory. Supplier will need to contact SQE to deviate.

NOTE 1: Reference Clause 7.1.5.3 Lab Requirements of IATF 16949:2016.

3.12 Appearance Approval Report

Supplier shall submit Appearance Approval when product has a color/gloss/texture or Visual A surface on the drawing. HGA Product/Project Management would provide approval.

NOTE 1: Reference Clause 8.6.3 Appearance Items of IATF 16949:2016.

3.13 Prototype Builds and Samples

The supplier may be required to submit prototype parts for function, dimension and material evaluation. Prototype parts, in quantity, may be required for manufacturing trials at Horizon Global facilities to assess the impact on the entire manufacturing process. The cost of these parts is the responsibility of the supplier, unless otherwise mutually agreed upon by Horizon Global. Prototype parts must be inspected and tested by the supplier prior to submission. Prototype inspection and testing data, including material certifications shall be submitted to Horizon Global and included with the prototype part shipment, samples must be individually labeled with part number and revision level.

Note: Label Sample can be found in HGHQ-D-PL-FRM-0003 item 8.13. Dimensional and Material forms can be found in HGHQ-D-PL-FRM-0002 item 8.5 & 8.6.

NOTE 1: Reference Clause 8.3.4.3 Prototype Programme of IATF 16949:2016.

Horizon Global Supplier Manual

3.14 Regulatory Requirements – IMDS, Substance of Concern, Conflict Minerals

The supplier shall comply with all regulatory requirements as required and provide the necessary documentation as requested by the customer. This documentation may be used for submission through IMDS (www.mdsystem.com), IMDS Codes are Electrical 57648, Buy/Sell & Metals 90514. Supplier may be required to submit a Conflict Minerals Report (CMRT) <https://www.responsiblemineralsinitiative.org/reporting-templates/cmrt/> and Substance of Concern (SOC HGHQ-D-PL-FRM-0002, 8.20).

NOTE 1: Reference Clause 8.2.2 Determining the Requirements for Products and Services of IATF 16949:2016.

3.15 Production Capacity Analysis

For Horizon Global to understand the supplier's production capacity, the supplier is required to provide a detailed capacity analysis for each part supplied to Horizon Global. This analysis needs to be completed for each process step including subcontracted services. The goal is to identify any constraints in the proposed process.

Suppliers may be required to update their capacity analysis as part of the annual PPAP submission. Horizon Global may request an updated capacity analysis regarding business conditions or rate changes (HGHQ-D-PL-FRM-0002, item 8.18).

NOTE 1: Reference Clause 7.1.3.1 Plant, facility and equipment of IATF 16949:2016.

NOTE 2: Reference Clause 5.3.1 Organization roles, responsibilities, and authorities of IATF 16949:2016.

NOTE 3: Reference Clause 8.2.3.1.3 Organization manufacturing Feasibility of IATF 16949:2016.

3.16 CQI Manuals

Suppliers must ensure that they and/or their subcontractors comply with all requirements affecting the product or have action plans in place to meet compliance requirements including industry standards for AIAG CQI Special Processes (See Section 2.10).

3.17 Part Submission Warrant (PSW)

Suppliers shall submit a PSW for each part number purchased by Horizon Global, however PSW with multiple/similar parts in the same drawing is acceptable.

Horizon Global may require the supplier to include their subcontractors' PSWs as evidence of approval.

NOTE 1: Reference Clause 8.3.4.4 Product Approval Process of IATF 16949:2016.

3.18 Annual Validations

Annual validation for each part number is required. The annual validation consists of PSW, Dimensional layout, Material, Functional Testing and SPC for any special characteristics. All data should be less than 12 months old.

Cut & Etch is required on any product that is welded.

NOTE 1: Reference Clause 4.3.2 Customer-specific Requirements of IATF 16949:2016.

3.19 Tooling

3.19.1 Horizon and Customer Owned Tooling

The supplier will have a process in place to clearly identify and manage Horizon Global and customer owned tooling. This includes affixed identification indicating property of (owner), asset tag and or part number if applicable. The supplier is required to keep Horizon Global or customer tools in a state of good repair by employing a robust preventive maintenance program with records of production cycles and repairs made or needed. The supplier will be required to communicate all concerns regarding the condition of Horizon Global /Customer tooling to prevent any interruption in delivery. Is possible that Horizon Global may require annual validation or documentation of the status of the tool.

The supplier needs Horizon Global's authorization prior to moving or relocating tool. The supplier is required to submit Vendor Tool Approval (8.21) form on all Level A products to ensure Horizon accepts tool and understands the location of the tool. Vendor Tool Approval Form (8.21) should be submitted with PPAP, any deviations will require the approval of the Supplier Manager, this form can be found HGHQ-D-PL-FRM-0002.

3.19.2 Supplier Owned Tooling

Supplier owned tooling used in the processing of Horizon products will be managed exclusively by the supplier and at the supplier's expense. Suppliers utilizing their own tooling as a condition of business awarded will have contingency plans in place to prevent any interruption of delivery to Horizon Global in the event of tool failure.

NOTE 1: Reference Clause 1: 8.5.1.6 Management of production tooling and manufacturing, test, inspection tooling and equipment of IATF 16949:2016.

NOTE 2: Reference Clause 8.5.1.5 Total Productive Maintenance of IATF 16949:2016.

NOTE 3: Reference Clause 7.5.3.2.1 Record Retention of IATF 16949:2016.

Section 4 – Quality System Requirements –

This section outlines the Horizon Quality System requirements for suppliers in addition to Section 2, 3.

4.1 Internal Audits – QMS, Process, Product, Internal

Supplier shall perform internal audit and regular and planned intervals to determine conformance to quality management standards. The audits and frequencies shall be planned to **consider** the critical nature of processes and products. These audits shall incorporate and take into consideration the results of previous audits. Any necessary corrective actions shall be taken to eliminate the non-conformities and causes. Internal audits shall cover all quality management related processes, activities, and shifts. Audit frequencies shall be increased appropriately based upon findings of external and previous internal audits or customer complaints.

Audit shall be conducted in the following three major groups or areas:

- Quality Management System to verify compliance with Technical Specification.
- Each manufacturing process determines its effectiveness and compliance with documented processes.
- Products to verify conformity to its specification including dimensions, material, packaging/labeling and functionality.

Horizon Global Supplier Manual

NOTE 1: Reference Clause 9.2.1 - 9.2.2 Internal Audit of IATF 16949:2016.

4.2 Customer Scorecards / Customer Satisfaction

As partners of Horizon Global, the ongoing performance of suppliers is paramount to our success. Measurement of the ongoing performance of the suppliers is a key function in the development of the supply base. Cost, Quality and Delivery will be monitored see Supplier Scorecard Procedure HGHQ-D-PL-WI-0027. Trends and unacceptable quality and delivery will be addressed to the supplier and appropriate actions will be taken to correct underperforming suppliers.

4.2.1 New Business Hold

Upon periodic review of the supplier scorecard Horizon Global if supplier is underperforming or becomes a risk supplier per the scorecard procedures, our organization may notify the supplier that they have been placed in New Business Hold status due to the risk the supplier brings to our organization. While in New Business Hold status, the organization will be ineligible to bid on new business without Purchasing Senior Management intervention.

A notification letter is sent to the organization, outlining the substance of the complaint and identifying the exit criteria the organization must achieve to be removed from New Business Hold status. Horizon Global may notify the supplier's Oversight office of the organization's Certification Body via electronic or physical mail. Upon completion of the actions required per the exit criteria have been met the supplier can resume bidding for new business.

NOTE 1: Reference Clause 8.4.2.4 Supplier Monitoring of IATF 16949:2016.

NOTE 2: Reference Clause 9.1.2 Customer Satisfaction of IATF 16949:2016.

4.3 Supplier Monitoring & Development

The supplier is responsible for all subcontractors' processes and products. The supplier shall develop and maintain a list of approved suppliers for each component, raw material, commodity, technology, purchased service, and procedures for the verification of subcontractor goods and services for compliance with specifications. Horizon Global, when necessary or as directed by its customer, will perform complete or partial audit (QSA) of critical processes of sub-suppliers.

NOTE 1: Reference Clause 8.4.2.3 Supplier Quality Management system development of IATF 16949:2016.

NOTE 2: Reference Clause 8.4.2.4 Supplier Monitoring of IATF 16949:2016.

NOTE 3: Reference Clause 8.4.2.5 Supplier Development of IATF 16949:2016.

4.4 Production Monitoring

Suppliers shall monitor and measure their quality management system. They will apply systems that will demonstrate their processes meet the product requirements. When they do not meet product requirements, then they will initiate a corrective action (See Sect 2.8 & 4.1)

NOTE 1: Reference Clause 8.5.1 Production and Service Provision of IATF 16949:2016.

NOTE 2: Reference Clause 9.1 Monitoring, measurement, analysis and evaluation of IATF 16949:2016.

4.4.1 Production Launch Inspection / Safe Launch

Horizon Global Supplier Manual

Safe Launch Plan (SLP) is implemented to verify product & process stability in an organized manner. SLP is also intended to be a learning period. Collected data will be monitored and analyzed and product & process adjustments should be made when necessary. It should take place when new production is starting or during periods of heightened quality issues. Form can be found HGHQ-D-PL-FRM-0003 (8.11).

This inspection activity must continue until the supplier's process is stable and repeatable. The safe launch plan should be documented in the control plan and approved during the PPAP process. The supplier is required to maintain evidence of process stability that warrants a reduction in inspection

If a non-conforming product is identified during the safe launch inspection, the supplier must contain all finished good products (Sect 2.8) and perform 100% inspection.

NOTE 1: Reference Clause Actions to Address Risks and Opportunities of IATF 16949:2016.

NOTE 2: Reference Clause 8.5.1.1 Control plan of IATF 16949:2016.

4.5 Continuous Improvement

To maintain a competitive position in the marketplace, Horizon Global expects that all suppliers will aggressively pursue cost reduction initiatives. The supplier can submit recommendations for changing the design of a product using the Engineering & Process Change Request form. Note: All Change requests must be approved by Horizon Global prior to implementation (See Sec 3.3 & Form HGHQ-D-PL-FRM-0003 tab 8.10).

Horizon Global expects that all suppliers will have quality systems in place that promote continuous improvement in all areas. The supplier's continuous improvement system will also include quality improvements (i.e., Variation reduction, scrap reduction, corrective action systemic issues, PPM, customer complaints, etc....) In the pursuit of supplier development and partnership, Horizon Global expects its suppliers to develop expertise in various disciplines of continuous improvement (i.e. Six Sigma Green Belt and Black Belt, VAVE, Kaizen, Lean Techniques, Problem Resolution, etc.).

NOTE 1: Reference Clause 10.3 Continual Improvement of IATF 16949:2016.

4.6 Design Review (DFM)

Prior to the issuance of a purchase order, a formal, documented, comprehensive and systematic examination of the product design will take place (except for final packaging/artwork). This review will evaluate design requirements and supplier capability to meet these requirements. It will also identify problems and propose solutions. The minimum participants will be Horizon Global engineering, purchasing, quality, and Supplier manufacturing plant personnel.

Note: Any print or product changes will require a design review.

NOTE 1: Reference Clause 8.3.3.1 Product Design input of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.5. and 8.3.5.1 Design and development output of IATF 16949:2016.

4.7 Change Control

4.7.1 Engineering Changes - Supplier Requested

It is the supplier's responsibility to maintain product designs and manufacturing processes unchanged once approved by Horizon. If the supplier requires a change of the part/product (including sub-supplier changes), the supplier must obtain Horizon approval using the 8.10 Change Request Form located in the HGHQ-D-PL-FRM-0003 Horizon Supplier Manual Forms. The supplier shall submit the form and any supporting documentation to the Horizon purchasing group or designee who will then forward it to the appropriate group for their review. Approval shall be obtained in writing prior to implementation of any changes. This change must be submitted at least within 60 days of required implementation. The first shipment of a product must be labeled as noted in the 3.4.3 Packaging section of this manual.

Note: Changes include deviations, Cost reduction affecting fit & function, material, sub-supplier, location, process and logistic changes, new and modified tool. Any changes conducted without prior approval can affect scorecard deductions, warranty/field interruptions, supplier chargebacks and placement of future business hold.

4.7.2 Engineering Changes - Horizon Global Issued

Engineering changes determined by Horizon Global will be communicated with the supplier by the Horizon Global purchasing group. A .PDF copy of the updated print, BOM and / or other detailed documentation will be sent to suppliers prior to implementation. The supplier is responsible for reviewing the change and implementing as directed.

NOTE 1: Reference Clause 8.5.6 Control of changes of IATF 16949:2016.

4.8 Process Approach

4.8.1 APQP

The supplier shall plan and develop the processes needed for product realization. Horizon recommends that the Advanced Product Quality Planning (APQP) and Control Plan reference manual from the Automotive Industries Action Group (AIAG) be used as a guideline to ensure that APQP is carried out effectively.

This section outlines the key elements that the supplier is responsible for, unless otherwise documented by Horizon.

As required, Submission requirements will be specified for each project. It may include the following:

NOTE 1: Reference Clause 8.3.2 Design and Development Planning of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.2.1 Design and Development Planning – supplemental of IATF 16949:2016.

4.8.2 Project Timeline

During the product launch process, the supplier will be responsible for organizing, tracking, communicating and reporting in a formalized manner. Status and timing of program milestones must be maintained. This includes status by part number, tool builds and runoffs, gage builds and calibration, purchased item expected due dates, any new equipment purchase and installation, testing, etc. The status of problem resolution activities must be reported as progress is made.

Horizon Global Supplier Manual

Timeline to include, at a minimum, the following with responsibility and due dates:

- Design/drawing review and sign off
- Fixture and gage build completion dates
- Fixture and gage certification dates
- Equipment due date
- Trial dates
- First production run
- PPAP submission
- Initial Production Shipment (Once Approved)

NOTE 1: Reference Clause 8.3.2 Design and Development Planning of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.2.1 Design and Development Planning – supplemental of IATF 16949:2016.

4.9 Management Reviews

Supplier's management will review their quality management system at regular frequencies to ensure that it is still effective. For one year, all areas should be included in this review including quality policy and quality objectives.

Records of the management review will need to be documented and retained

Inputs:

- Customer scorecards
- Audit results
- Corrective action reviews
- Action items from prior Management Reviews

Outputs:

- Action items
- Meeting minutes

NOTE 1: Reference Clause 9.3 Management Reviews (All applicable clauses) of IATF 16949:2016.

4.10 Contingency Plans

The supplier is required to develop a robust documented contingency plan designed to prevent late or non-shipments to Horizon. The plan must take into consideration all facets of the supplier's business from order processing through manufacturing to logistics. Supplier documentation must be aligned with the current MMOG/LE requirements. The contingency plan must be documented on Form 8.17 of the HGHQ-D-PL-FRM-0001 Horizon Supplier Manual Forms.

NOTE 1: Reference Clause 6.1.2.3 Contingency Plans of IATF 16949:2016.

4.11 Quality Policy

Supplier shall have developed a Quality Policy custom and appropriate to size and type of the company. Quality policy shall be communicated within the organization and include commitment toward continual improvement of QMS.

NOTE 1: Reference Clause 5.2 Policy (All applicable clauses) of IATF 16949:2016.

4.12 Document and Record Control

For each Horizon Global part number, the supplier shall (at a minimum) maintain a part record file consisting of the following items but also must meet the appropriate standards (ISO 9001, IATF 16949 & VDA) requirements:

- Purchase Order
- Inspection Reports, PPAP's, Test Data
- Part drawing to the correct engineering change level
- All specifications and documents referenced on the part drawing, purchase order and this manual.
- Any deviation requests are authorized by Horizon Global.

Suppliers must retain documents to meet the appropriate standard. Any variance from this policy requires prior approval in writing at the local level. The Supplier must have a system to ensure that Horizon Global is updated with the latest released drawings & specifications where the supplier has Design Authority.

NOTE 1: Reference Clause 7.5.3 Control of documented information (7.5.3.1 & 7.5.3.2) of IATF 16949:2016.

4.13 Materials Management Operating Guidelines (MMOG)

The supplier shall meet all logistics requirements as specified in the Materials Management Operating Guidelines/Logistics Evaluation (MMOG/LE). The organization must be assessed as level "A" on the MMOG to achieve and maintain Horizon A level status. You can find the form at <https://www.mmogle.com>

Key requirements for MMOG/LE:

- Annual MMOG/LE assessment completed and reported each year (July 1)
- Part identification and tracking, Lot traceability throughout the value chain
- Electronic communication with Horizon
- Prevention of damage or deterioration of products
- Adequately trained personnel, as defined in MMOG/LE

NOTE 1: Reference Clause 8.4.1 Control of externally provided processes, products and services (Customer Specific Requirement), of IATF 16949:2016.

4.14 Work Instructions

Work Instruction or Set up Sheets must be established and documented with evidence of control on all shifts. Written operator and inspection instructions, which include inspection frequencies and sample size, must be readily available at each workstation. Inspection instructions must be based on the latest engineering drawing and process level and must include:

- Part name, part number, and revision level
- Specification of statistical techniques, including sample size and sample frequency, to be used for inspection or test of material.
- Special Characteristics or features: At a minimum, suppliers shall implement process controls for Special Characteristics as designated on Horizon Global drawings.
- First piece inspection prior to production runs and after each machine set-up, die change, or process change to assure compliance to specification (See Section 2.5)

Horizon Global Supplier Manual

- The measuring equipment required. This equipment must be part of the supplier's gage control system.

NOTE 1: Reference Clause 8.5.1.2 Standardized Work Operator instructions and visual standards of IATF 16949:2016.

NOTE 2: Reference Clause 8.5.1.3 Verification of job set ups of IATF 16949:2016.

NOTE 3: Reference Clause 8.3.3.3 Special Characteristics of IATF 16949:2016.

NOTE 4: Reference Clause 7.1.5.2.1 Calibration/verification records of IATF 16949:2016.

4.15 Quality Manual

Supplier shall establish and maintain a quality manual that contains the scope of their quality management system, containing details of and validation for any omission, the documented procedures established for the quality management system, or reference to them, and a description of the interaction between the processes of the quality management system.

NOTE 1: Reference Clause 7.5.1.1 Quality Management System Documentation of IATF 16949:2016.

4.16 Rework or Repair & Deviation

Deviation – Horizon Global requires its suppliers to manufacture or supply all parts to meet drawing and associated standards/specifications approved during the approval process. Should the need arise to request a deviate, repair or rework from the approved product/process, a written request must be submitted to Horizon Global per section 4.7 of the supplier manual. The request must be supported with complete details of the deviation (Change Point Analysis) including Reason, Change Details, Customer Impact, Specification/Standards affected, Performance/Functional impact and an appropriate Recovery Plan (See Appendix for example of Horizon Global Recovery plan). This request will be evaluated by the appropriate Horizon Global departments.

Horizon Global is under no obligation to provide such an approval. When the non-conforming parts/product cannot be reworked or repaired, or when a deviation is not approved, the supplier shall scrap the parts/product at their cost.

Note 1: Reference Clause 8.7.1.4 Control of reworked product of IATF 16949:2016.

Note 2: Reference Clause 8.7.1.5 Control of repaired product of IATF 16949:2016.

Note 3: Reference Clause 8.7.1.6 Customer Notification of IATF 16949:2016.

Note 4: Reference Clause 8.7.1.7 Nonconforming product disposition of IATF 16949:2016.

Note 5: Reference Clause 8.7.1.1 Customer authorization for concession of IATF 16949:2016.

4.17 Error and Mistake proofing

The supplier shall use error-proofing methods in their manufacturing or assembly process to eliminate defects caused by human or mechanical error. These methods will be used in the suppliers' corrective action process. All error-proofing devices must be tested at the beginning of each shift to ensure proper operation. Records of these error-proving verifications must be documented and maintained.

NOTE 1: Reference Clause 1: 8.3.1.1 Design and Development of the product and services of IATF 16949:2016.

NOTE 2: Reference Clause 8.3.3.2 Manufacturing process design input of IATF 16949:2016.

Horizon Global Supplier Manual

NOTE 3: Reference Clause 10.2.4 Error Proofing of IATF 16949:2016.

4.18 FIFO

In order to detect deterioration, the condition of the product in stock shall be assessed at appropriate planned intervals. The organization shall use inventory management system to optimize inventory turns over time and assure stock rotation, such as FIFO (first-in-first-out). Obsolete products shall be controlled in a similar manner to nonconforming products.

NOTE 1: Reference Clause 8.5.4 and 8.5.4.1 Preservation of IATF 16949:2016.

4.19 Preventive Maintenance

Supplier shall identify key process equipment and provide resources for machine/equipment maintenance and develop an effective planned total preventive maintenance system. At a minimum, this system shall include the following:

- Planned maintenance activities.
- Packaging and preservation of equipment, tooling and gauging
- Availability of replacement parts for key manufacturing equipment
- Documenting, evaluating and improving maintenance objectives.

The organization shall utilize predictive maintenance methods to continually improve the effectiveness and the efficiency of production equipment.

NOTE 1: Reference Clause 8.5.1.5 Total Productive Maintenance of IATF 16949:2016.

NOTE 2: Reference Clause 8.5.1.7 Production Scheduling of IATF 16949:2016.

Section 5 - Commercial

5.1 Communication

The supplier shall provide Horizon Global with a list of their contacts and ensure it is maintained. The list must include name, title, key responsibilities, phone number, fax number and email address. Any changes to contracts require the supplier profile to be updated and submitted to Horizon Global.

NOTE 1: Reference Clause 8.2.1 and 8.2.1.1 Customer Communication of IATF 16949:2016.

NOTE 2: HGHQ-D-PL-FRM-0001 HGA Supplier Onboarding documents

5.2 Premium Freight

The supplier will be held liable for additional freight cost incurred:

- Due to the supplier's lack of quality or delivery performance.
- The supplier did not use Horizon Global's correct transportation routing/mode/carrier for any shipment.
- Expedited shipment not authorized by Horizon Global Purchasing.
- Missed dedicated run scheduled pick-up.

The following is a violation & will receive point deductions on scorecard when applicable.

NOTE 1: Reference Clause 9.1.2.1 Customer Satisfaction of IATF 16949:2016.

Horizon Global Supplier Manual

5.3 Invoicing

Invoices need to be correct with the following information included or provided with the invoice:

- Part number and Part Revision Level
- Description
- Quantity
- Purchase price and Currency
- PO and line number
- Gross, tare and net weigh
- Vessel and container number, if applicable
- Country of origin
- Cross reference packing slip number
- Company Name and Address
- Harmonized Tariff Schedule (HTS) to eight (8) digits.

All invoices must be in English. Copy of the invoice, packing slip and (if required) a fumigation certification must be sent to the address listed on the purchase order and Horizon Purchasing as a .PDF file.

5.4 Purchase Agreement

The Purchase Order summarizes the main agreements and is the contract between Horizon and the supplier. It includes, but is not limited to the following:

- Part number
- Part description
- Part revision
- Order quantity
- Due date / Ship date
- Price
- Supplier part number, when applicable
- Ship to
- Approved carrier

5.4.1 Terms and Conditions

A link to the Purchase Order Terms and Conditions is printed on each purchase order. Terms and Conditions are country specific. Please review the appropriate country file based on your shipping country.

The Supplier is required to verify that they have the correct revision of the drawing as stated on the purchase order prior to the start of production. Confirmation of a PO is evidence that the supplier has the correct revision level drawing.

[Horizon Global - Investor Relations - Corporate Governance - Terms & Conditions](#)

5.5 Master Purchase Agreement (MPA)

It is at the discretion of Horizon Purchasing to determine if the Terms and Conditions of the Purchase Order document need to be expanded. These Terms and Conditions will be in the form of a Master Purchase Agreement (MPA). The MPA Terms and Conditions will supplement the standard Terms and Conditions of the Purchase Order document.

5.6 Certificate of Origin/Manufacturer's Affidavit

Every supplier may be required to submit a certificate of origin for all items sold to Horizon. Each year the supplier may be requested to update the certificate. For all items

Horizon Global Supplier Manual

that are awarded to a supplier after the original certificate has been received, that part or parts must be added to a new certificate and sent to Horizon. All COO's must be issued for the full calendar year to be considered valid. Please send all certificates to our shared email address is amer-customs@horizonglobal.com.

5.6.1 For all vendors located within US, Canada and Mexico.

Suppliers located within the US, Canada or Mexico, please provide a blanket MA & USMCA certificate in addition to the certificate of origin. Please issue the certificate for the full blanket year of July 1, XXXX (of the current year) – June 30, XXXX (of the following year).”

5.6.2 For all vendors outside US, Canada and Mexico.

Suppliers located outside the US, Canada or Mexico, please provide document MA certificate in addition to the certificate of origin. Please issue the certificate for the full blanket year of July 1, XXXX (of the current year) – June 30, XXXX (of the following year).”

Note 1: Manufacturer's affidavit HGHQ-D-PL-FRM-0016

Note 2: USMCA Form HGHQ-D-PL-FRM-0018

Note 3: USMCA Instructions HGHQ-D-PL-FRM-0017

5.7 Shipment Paperwork

Packing slips, Material Certification and Product Traceability documents must accompany shipments. The commercial invoice, pack list and Telex release must be sent to all required contacts no later than five days after the vessel's departure date. Please contact Horizon Buyer for a list of the required contacts.

- Minimum commercial invoice requirements (from a Customs standpoint):
 1. The complete name and address of the Seller and Shipper
 2. The complete name and address of the Sold To party (Entries into the US must have **Horizon Global Americas, Inc.** not Cequent)
 3. The complete name and address of Ship to Party, if different than the Sold To party
 4. Part number (Each part number must be listed as a separate line item with individual pricing)
 5. Accurate and descriptive description of the merchandise
 6. Quantity with unit of measure
 7. Purchase price (unit and total) with currency specified. Only including a dollar sign (\$) is not sufficient. (USD, CAD, EURO, etc.)
 8. Country of origin of each item

5.8 IT Requirements

Adequate network and internet bandwidth, software and hardware to conduct business with Horizon Global, including performing EDI transmissions.

Ability to send, receive and comprehend email and other documentation in English, an effective information security policy in place that insures the following:

- Only authorized Supplier's users can access Horizon's information (both
-

Horizon Global Supplier Manual

- electronic and paper form)
- Proliferation of Horizon information is controlled and monitored across Supplier's IT environment.
- If Supplier engages a sub-contractor or other outside third party, Supplier will notify Horizon if Horizon's information is shared with them
- Any transmission of Horizon's information outside of Supplier's network is encrypted and protected (including information sent via email)
- Supplier's network is adequately protected from external threats and the Supplier performs periodic (at a minimum annually) network penetration tests and mitigates any vulnerabilities found from these tests
- Supplier has implemented an Incident Response and Data Breach process which includes notifying Horizon in case Horizon's data is breached from Supplier's or other third party's IT environment.
- Supplier will protect Horizon data residing on mobile/smart devices through encryption where possible and perform adequate backups in the event the device is lost or stolen
- If Supplier is connecting to Horizon's network, Supplier will follow Horizon provided network connection procedures including attend Horizon's security awareness training
- Supplier will take all necessary precautions to wipe off Horizon's data from its hardware before the disposal of the hardware
- Supplier will delete all Horizon's data upon written request by Horizon from its IT environment
- If Supplier is in possession of any Personal Health Information (PHI) or Personally Identifiable Information (PII) from Horizon, the Supplier must sign a Business Associate Agreement in addition to this supplier agreement

An effective form of data retention procedure that ensures that product and testing information for all products manufactured for Horizon is stored in a safe location and is readily accessible electronically for an appropriate time period. Supplier must show evidence of these requirements upon request

NOTE 1: Reference Clause 4.3.2 Customer-Specific Requirements of IATF 1649:2016.

5.9 Warranty Claims

When non-conforming parts/product is directly attributed to the supplier have resulted in customer or warranty claims, the Supplier may be required to participate in the Vehicle Service Manual and may require reimbursing the associated costs to Horizon Global and their customer. Also, supplier may be required to investigate further and submit corrective and preventive actions (see section 2.8.2), supplier will work together with Horizon Global to implement improvements through the product assembly process.

If during the warranty investigation a Trouble Not Found (TNF) is the final decision Horizon Global may require action/improvement plans to reduce the incident rates of TNF.

NOTE 1: Reference Clause 10.2.5 Warranty management system of IATF 16949:2016.

NOTE 2: Reference Clause 10.2.6 Customer complaints and field failures test analysis of IATF 16949:2016

Horizon Global Supplier Manual

5.10 Contract Review

Supplier shall verify that the part/product revision level on the Purchase Order matches the revision level of the part/product produced.

Notify your Horizon Global buyer immediately if any discrepancy is found. Confirmation of a PO is evidence that the supplier has the correct revision level drawing.

Section 6 – Request for Estimate (RFE) and Request for Quotation (RFQ)

6.1 Request for Estimate –

All submitted offers need to contain the following information:

- Part description
- Part number and / or name
- Pallet weight
- Product and packaging dimensions
- FOB Cost Estimate
- Part Price. Unless otherwise stated price must be in US Dollars
- Lead time for product/service
- Minimum quantities
- Capacity Analysis
- Country of origin

6.2 Request for Quotation

All submitted offers need to contain the following information:

- Part description
- Part number and/or name
- Drawing Revision
- Projected volumes/expected tool life.
- Capacity Analysis
- Part Price
- Lead time for product/service
- Minimum quantities

6.2.1 Request for Quotation – Additional items may be required

- Part weight (drawing)
- Pallet weight
- Product and Packaging dimensions
- Tool Cost
- Delivery of tool and first samples
- Payment terms
- Order multiple
- Delivery terms
- Country of origin
- INCO terms

NOTE: Reference Clause 8.1 (Operational Planning and Control) and 8.2 Requirements for products and services of IATF 16949:2016.

Section 7 – Reference HGHQ-D-PL-FRM-0001, HGHQ-D-PL-FRM-0002, HGHQ-D-PL-FRM-

Horizon Global Supplier Manual

0003 HGA Forms

Appendix

Acronyms:

- 8D – Eight Disciplines
- AIAG – Automotive Industry Action Group
- AOEM – Automotive Original Equipment Manufacturer
- APQP – Advanced Product Quality Planning
- AQL – Acceptable Quality Level
- BOM – Bill of Materials
- CMR – Conflict Minerals Report
- COO – Country of Origin
- CQI – Continuous Quality Improvement
- DFMEA – Design Failure Mode and Effects Analysis
- ECR – Engineering Change Request
- EDI – Electronic Data Interchange
- ES – Engineering Specification
- FG – Finished Goods
- FIFO – First In First Out
- FMEA – Failure Mode and Effects Analysis
- FOB – Freight on Board
- HTS – Harmonized Tariff Schedule
- IATF – International Automotive Task Force
- IMDS – International Material Data System
- INCO – International Commercial
- IQC – Incoming Quality Control
- ISO – International Organization for Standardization
- ISO/IEC – International Organization for Standardization/
International Electrotechnical Commission
- ISO/TS – International Organization for Standardization
Technical Specifications
- IT – Information Technology
- MMOG – Materials Management Operations Guideline
- MMOG/LE – Materials Management Operations Guideline/Logistics
Evaluation
- MPA – Master Purchase Agreement
- MSA – Measurement System Analysis
- MSDS – Material Safety Data Sheet
- NCM – Nonconforming Material
- PDF – Portable Document Format
- PFMEA – Process Failure Mode and Effects Analysis
- PHI – Personal Health Information
- PII – Personally Identifiable Information
- PO – Purchase Order
- PPAP – Production Part Approval Process
- PPM – Parts Per Million
- PSO – Process Signoff
- PSW – Part Submission Warrant

Horizon Global Supplier Manual

- **QMS** – Quality Management System
- **QSA** – Quality Systems Assessment
- **R&R** – Repeatability and Reproducibility
- **RFE** – Request for Estimate
- **RFQ** – Request for Quotation
- **SLP** – Safe Launch Plan
- **SOC** – Substance of Concern
- **SPC** – Statistical Process Control
- **US** – United States
- **VA/VE** – Value Analysis/Value Engineering
- **WIP** – Work in Progress