



ENGINEERING THE FUTURE

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1. IDNEO'S QUALITY POLICY

Idneo's mission is to provide engineering services to our clients, including development, testing and production. We are continuously working towards improving our organization, processes, and skills to be a world-class company across the sectors in which we operate. Our value lies in our commitment to quality excellency and a client-oriented approach, coupled with a continuous improvement mindset

Our principles are summarized as follows:

- Do it right the first time
- Client expectations must be exceeded while meeting all applicable regulatory and legal requirements and maintaining the effectiveness of the Quality Management System.
- Ensure environmental protection, reduce pollution and minimize our environmental impact
- Our team's expertise must adapt to the activities performed
- Actions must be taken at the right time
- Work environment must be appropriate
- Daily continuous improvement must be pursued
- Errors may occur, but only once

To ensure compliance with our principles, Idneo has fostered several activities established in the Idneo Quality System (IQS) and implemented through the Idneo Quality Manual (IQM).

The main activities selected to ensure the effectiveness of the QMS are based on:

- Selection of the best suppliers based on Idneo's Supplier Quality System
- Effective development procedure, as established by Idneo's Development System
- High involvement in the identification of client requirements
- Continuous risk management monitoring
- Training and continuous evaluation of the entire team
- Promote good manufacturing practices based on Idneo's Manufacturing System
- Encourage teamwork, proper information flow and recognition of achievements

Occupational Safety and Health is a fundamental part of our work. Therefore, we are committed to support and comply with the policies and regulations related to safeguarding the health of our employees.

Respect for nature and compliance with the universally declared principles of pollution prevention and control shall be maintained as a framework of reference in the development of our activities. Our organization's development can and must go hand in hand with environmental preservation and climate change mitigation and adaptation.

Idneo is committed to its environment, and management is committed to promoting sustainable development, rationally using and optimizing natural resources, improving recycling, using renewable energies and valuing waste materials, in order to minimize the environmental impact produced as a result of the activities carried out in our centers.

Idneo's management strives to complete all the activities described in Idneo's Quality Manual in order to comply with our quality principles and hopefully obtain the recognition of our clients as the best world-class partner.

This policy applies to all Idneo activities at all locations, is shared with the entire Idneo team, clients, partners and suppliers, and shall be reviewed periodically at management review meetings.

2. BASIC REQUIREMENTS

To become an Idneo supplier, some general requirements must be met. These requirements are listed in the following table. Additional requirements may be requested for particular projects. Evidence of all requirements must be available upon Idneo's request.

AREA	MINIMUM LEVEL REQUIRED	PRIORITY LEVEL
Quality system	ISO-9001	ISO-13485, IATF-16949
Environmental Requirements	REACH Regulation, RoHS Directive Compliant, Conflict minerals	
Security	Internal evacuation processes.	ISO-18001, ISO45001
Social responsibility	Corporate social responsibility self-assessed.	Social community activities promoted.
Logistics Management System	Logistics traceability systems per shipment.	Linking logistics tracking capability with committed delivery dates.
Self-assessment of product safety compliance. (In case products requiring product safety are delivered)	Self-audit program to evaluate the product safety compliance program in place.	External audit to validate product safety compliance program
Supplier evaluation program in place	Quality agreements with suppliers, regarding material safety.	Classification program to evaluate and identify possible non-compliance in suppliers

Monitor and ensure that prohibited and restricted substances in the supplied material are fully under the supplier's supervision. Both the REACH Regulation and the RoHS Directive must be strictly complied with. In addition, supplementary directives may be requested.

3. IDNEO'S PRODUCT DEVELOPMENT PROCESS

Idneo uses its proprietary methodology for product and process development, including the sourcing of the components used in our products. We therefore ask our suppliers to be understanding of our different stages of product development by adapting their outputs to our processes.

PHASE 1: OFFER

Develop the technical proposal that best suits the client's needs and secure the best economic offer.

PHASE 2: SUBMISSION OF THE AGREEMENT TO THE CLIENT

Reach an agreement with the client in regard to the agreement, clearly defining the scope, regulatory and quality objectives, costs and deadlines.

PHASE 3: ALPHA PROTOTYPE DEVELOPMENT

Early development prototypes. The goal is to develop the best product concept to meet not only client and regulatory requirements, but also D4M's requirements.

Prototypes are purchased in this phase. The Development departments are in charge of such purchases. Moreover, in addition to supporting the purchase of the requested material, the departments may ask to collaborate with the client to develop specific or personalized components. They can be custom-made or standard (catalog) products. For custom-made parts, the sourcing process shall be mandatory.

PHASE 4: BETA PROTOTYPE DEVELOPMENT

Latest development prototype. By the end of this phase, the design complies with client and regulatory requirements and is ready for manufacture and assembly.

Prototypes are purchased in this phase. The Development departments are in charge of such purchases. Moreover, in addition to supporting the purchase of the requested material, the departments may ask to collaborate with the client to develop specific or personalized components. They can be custom-made or standard (catalog) products. For custom-made parts, the sourcing process shall be mandatory.

PHASE 5: PRE-PRODUCTION

Production processes are assessed.

During this phase, purchases are made for production purposes. These purchases are recurring and subject to production planning and the needs that may arise. They can be custom-made or standard (catalog) products. For custom-made parts, the sourcing process shall be mandatory.

PHASE 6: PRODUCTION

Manufacture the product with a stable production process.

During this phase, purchases are made for production purposes. These purchases are recurring and subject to production planning and the needs that may arise. They can be custom-made or standard (catalog) products. For custom-made parts, the sourcing process shall be mandatory. The documents issued in phase 5 (pre-production) shall be used as inputs, provided they do not undergo any modification, and shall be valid for the production phase.

If any of the following changes take place, the process must be repeated:

- Change of supplier
- Change in the process
- Change or modification of technical specifications

4. SOURCING PROCESS (Custom-made parts)

The phases of the CUSTOM-MADE parts sourcing process are as follows:

- Offer
- Initial evaluation
- Assignment
- Component homologation
- Continuous performance evaluation

Idneo's purchasing team shall lead the process, requesting strong cooperation from the supplier.

3.1. Offer

IDNEO, as a technology company, may be required to enter into a non-disclosure agreement (NDA) with suppliers prior to any RFQ. Violation of the non-disclosure agreement may represent immediate termination of supply agreements.

Idneo shall first share with the supplier the document I-CP-ID-XX-04B_RFQ_Requirements along with all the necessary technical documentation.

Document I-CP-ID-XX-04B_RFQ_Requirements must include:

- General requirements of the project
- Product information
- Technical requirements
- Regulatory requirements.

Among them is the document I-CP-ID-XX-05- General_Purchasing_Conditions, which can be found on Idneo's website.

The regulatory requirements of the receiving country, issuing country and country of destination must be taken into account.

- Quality requirements. Including special controls, if applicable.
- APQP and PPAP, if applicable.
- Logistics requirements
- Safety requirements, Automotive Safety Integrity Level (ASIL) and Safety Goals, if applicable.

Safety critical products require a DIA to be drawn up with the supplier, i.e., a document that defines the responsibility for each task, the interactions between the two parties, and the deliverables to be exchanged (at safety level). The I-CP-ID-XX-04A_IDNEO_PCBA_SUPPLIER_DIA_TEMPLATE format shall be used for this.

After carrying out everything explained above, the following documents should be available:

- NDA
- RFQ_Requirements
- Technical documentation
- DIA, if applicable
- Supplier offer

3.2. Initial evaluation

Before purchasing a custom-made part, an initial evaluation of the supplier must be carried out in order to include it in Idneo's supplier panel. The supplier panel is the database where all the information related to Idneo's suppliers is recorded.

Before entering any potential new supplier, Idneo's purchasing department conducts an initial study to determine whether the assessed supplier meets expectations in terms of quality, purchasing and logistics. The survey follows the I-CP-ID/XX-01-B template.

In addition, certifications shall be requested from the supplier. In the case of AUTO projects, suppliers must be ISO 9001 and IATF certified. If not, they must be at least ISO9001 certified, and both parties must outline an action plan to achieve IATF certification.

In the prototype phase, if the result of the survey is satisfactory with respect to the project requirements, the supplier may be included in the prototype supplier panel.

In the production phase, if the result of the survey is satisfactory with respect to the project requirements, an initial audit shall be carried out to evaluate the supplier's quality and production management system. The audit is carried out by Idneo's Quality Department. It follows the I-CP-ID/XX-01-A template.

There are the following types of audits:

1. REGULAR AUDIT: If criticality, location or volume of purchases justify it, the audit shall be performed at the supplier's facilities.
2. SELF-AUDIT: If criticality, location or volume of purchases do not justify conducting the audit at the supplier's facilities, a self-audit shall be requested. The result can never be 'A'.

Based on the results of the audit, the supplier shall be assessed for inclusion in the production supplier panel.

The results of the audit may be as follows:

Score	Rate	Evaluation	Consequence
>=90	A	Preferred Supplier	The supplier is entered directly in the supplier panel.
70-89	B	Acceptable Supplier	The supplier is entered in the Supplier Panel but, if necessary, some corrective actions may be required.
<70	C	Improvement Needed	The supplier cannot enter the Supplier Panel until it has successfully completed a recovery plan to correct the nonconformities detected in the audit.

Based on the results of the audit and the criticality of the purchased parts, a supplier development plan shall be developed (if deemed necessary).

If the supplier has been included in the panel but has not worked with Idneo in the last two years, it shall have to be audited again before resuming operations.

3.3. Assignment

Once the supplier is included in the panel, production projects may be assigned. In the prototype phase, the purchase order should suffice.

In the production phase, a Supplier Production Release Meeting (SPRM) shall be scheduled with the designated supplier. In such meeting, the I-CP-ID-XX-04C, SPRM_Approval is obtained, which shall serve as the minutes of the meeting held and as proof of the supplier's designation. This document shall be signed by both parties.

This meeting shall be attended by Idneo's Purchasing, Quality, Logistics and Engineering departments.

The objectives of the meeting are as follows:

- Ensure effective communication between both parties, making sure that the supplier has the latest version of all necessary documents and requirements.
- Identify any potential issues related to the production of the component or its supply.
- Coordinate feasibility, costs, quality levels and delivery time.

It is the supplier's responsibility to highlight the feasibility, technical and deadline issues identified during their analysis phase and, as technical experts in their field, provide information on the best alternatives for manufacturing the part.

3.4. Component homologation

Only for purchases made for production purposes. It shall apply when a new component is being introduced by design, either as an initial design or as a modification of the existing design. Standard parts (such as bolts, nuts, etc.) or catalog parts (such as electric motors, electronic modules, etc.) do not need to follow the homologation process described here.

First of all, as previously agreed in the SPRM, the logistics or purchasing department shall request initial samples for homologation, and the plant quality department shall request the corresponding documentation.

Then plant quality department shall then complete the I-CP-ID-XX-04D, Component_Homologation and Approval form and verify the corresponding documentation and parts.

If everything checks out, both the supplier and Idneo shall sign the finalized I-CP-ID-XX-04D, Component_Homologation and Approval form, and the supplier may start production.

Should anything be incorrect, the parts and/or documentation shall be rejected, and the process shall have to be repeated.

The supplier may not implement a change to a product or production process after component homologation without Idneo's prior approval. All proposed changes to the product, production process, material or suppliers after homologation must be submitted to Idneo for approval.

In the event that the supplier wishes to make a deviation request to supply parts that do not fully comply with Idneo's specification and Component Homologation, the supplier shall inform Idneo and request approval. The request must be approved prior to shipment. If the deviation is approved, the supplier shall receive a copy of the approval notification by e-mail. All shipments made following a deviation request must be identified on the outside of the shipping container. The specific type of labeling shall be agreed between the supplier and the SQE and include the deviation approval number. Suppliers making a deviation request must complete an 8D response identifying the cause, corrective action and steps taken to prevent recurrence and submit it to Idneo's Quality department, which shall work with the supplier to ensure acceptable closure.

3.5. Continuous performance evaluation

Once the supplier is included in the panel, Idneo shall carry out continuous performance evaluations.

This evaluation is run and updated quarterly, using data from the previous 3 months. If during the previous 3 months the supplier has not made any deliveries, the result of the evaluation shall not be modified.

Idneo shall issue an analysis for any non-conforming parts associated with the supplier. This analysis follows the 8D format. The supplier shall implement and report the corrective action(s) taken to control the nonconformity within 24 hours. Thereafter, the defect analysis leading to root cause determination shall be performed within 10 business days, or within an alternative time frame agreed upon in writing by Idneo and the supplier. The 8D form shall not be considered complete until the proposed corrective and preventive actions, along with the appropriate implementation plan, have been received and approved by Idneo.

The supplier shall be responsible for all costs associated with the removal of nonconforming parts and timely replacement thereof, including, without limitation, incidental costs associated with overtime, expedited shipping and non-refundable fees. The supplier shall be responsible for sorting and certifying all inventory before it reaches Idneo, upon arrival at Idneo, and at the end client facilities.

The evaluation criteria shall be different for prototype and production suppliers.

3.5.1. Prototype Supplier Evaluation Criteria

The prototype supplier evaluation criteria are as follows:

Criteria	
% of defective parts	40
Recurring problem	20
Defect analysis	20
Corrective action plan	20

The supplier starts with 100 points. Points are subtracted from the total score when there is a deviation in any of the following criteria:

- **% of defective parts**

Percentage of defective parts shipped by the supplier in the period evaluated.

% of defective parts	Score
0%	40
1%	30
2%	20
3%	10
4% or over	0

- **Recurring problem:**

A penalty is imposed for recurring problems (as it indicates that no firm action is taken in response to the defects detected). An assessment shall be performed to ensure that similar problems have not occurred in the past.

Recurring problem	Score
NO	20
YES	0

- **Defect analysis:**

The supplier is requested to provide a comprehensive analysis report of the defects detected. An effective analysis is performed not only to implement contingency actions, but also to find the root cause of the occurrence and non-detection:

Defect analysis	Score
OK	20
NOK	0

- **Corrective action plan:**

The supplier is required to provide a plan with appropriate corrective actions to prevent the problem from recurring:

Corrective action plan	Score
OK	20
NOK	0

3.5.2. Production Supplier Evaluation Criteria

The prototype supplier evaluation criteria are as follows:

Criteria	
% of defective parts	40
Recurring problem	20
Client complaints	10
Contingency	10
Defect analysis	10
'Service Delivery Performance' (SDP)	10

The supplier starts with 100 points. Points are subtracted from the total score when there is a deviation in any of the following criteria:

- **% of defective parts**

Percentage of defective parts shipped by the supplier in the period evaluated.

% of defective parts	Score
0%	40
1%	30
2%	20
3%	10
4% or >4%	0

- **Recurring problem:**

A penalty is imposed for recurring problems (as it indicates that no firm action is taken in response to the defects detected). An assessment shall be performed to ensure that similar problems have not occurred in the past.

Recurring problem	Score
NO	20
YES	0

- **Client complaints:**

Number of client complaints due to a supplier error in the period evaluated:

Client complaints	Score
NO	10
YES	0

- **Contingency:**

The supplier is required to provide a contingency plan after the problem has been reported:

Contingency	Score
OK	10
NOK	0

- **Defect analysis:**

The supplier is required to provide a full analysis report of the defects detected. An effective analysis is performed not only to implement contingency actions, but also to find the root cause and apply the most appropriate corrective and preventive actions:

Defect analysis	Score
OK	10
NOK	0

- **'Service Delivery Performance' (SDP):**

Evaluation of the supplier's deliveries in the evaluated period:

SDP	Score
90%-100%	10
40%-90%	5
0%-40%	0

3.5.3. Supplier Evaluation Results

Based on the results of the evaluation, suppliers shall be classified as:

Score	Classification	Evaluation	Consequences
80-100	A	Preferred	The supplier stays in the supplier panel.
50-79	B	Acceptable	The supplier stays in the supplier panel. If necessary, some improvement actions may be required.
0-49	C	Improvement Needed	<p>The supplier shall implement an action plan to correct the deviations (Depending on the cause of the deviation, it can also be managed following the actions set out in an 8D) to reclaim the 'B' classification at the next evaluation.</p> <p>If the supplier is classified as 'C', it shall be on 'Business Hold' and cannot be assigned to new projects. If the supplier is classified as 'C' for 3 consecutive evaluations, it shall be removed from Idneo's supplier panel, and an alternative supplier must be selected.</p>

Idneo shall share the results with suppliers as follows:

- If after the quarterly evaluation the supplier is classified as 'C', they shall be informed of the result at that time.
- If the supplier is classified as either 'A' or 'B', they shall only be informed of the result at the beginning of the year.

The suppliers shall receive the results by e-mail, and the template I-CP-ID-XX-04E, Performance Report shall be used.