



# Supplier Quality Requirements Manual

QM-003

Revision V

**Supplier Acknowledgement of Receipt Form**

**We have received the Autossplice Supplier Quality Manual and understand Autossplice's expectations.**

Supplier Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone

number: \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Quality Dept. \_\_\_\_\_

E-mail \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Please complete and return a copy of this form for each facility doing business with Autossplice within 15 days of receipt to:**

Attn: Supplier Quality Engineer/Purchasing Buyer  
Autossplice, Inc  
10431 Wateridge Circle #110  
San Diego, CA 92121

Or by contact email.

**CHANGE HISTORY**

<b>Revision</b>	<b>Description of revision</b>	<b>Originator/Date</b>
A	Initial release – ECN 15902	R. McIntire
B	Extensively revised – ECN 17053	P. Sweeney
C	Revised to incorporate PPAP 3 <sup>rd</sup> Edition and to clarify requirements.	P. Sweeney 3/1/00
D	Revised to incorporate deliverable data requirements. Add	P. Sweeney
E	Added section 10 Suppliers of Outsourced Processes	C. Copley 5/12/03
F	Total Revision to Simplify and Clarify Supplier	G. Genise 6/01/03
G	Revised section 10 Outsourced Processes by removing "when appropriate	F. Cheatham 11/25/03
H	Total revision to update Supplier Requirements and Supplier Rating System.	C. Copley 12/15/04
J	Total revision to update supplier requirements	C. Copley 8/30/05
K	Re-formatted. Updated Table of Contents Customer owned property, new suppliers, Quality Data Requirements, Temporary Deviation Request, PPAP, Barcode Labeling Requirement	C. Copley 6/1/06
L	-Autosplice Logo Changed, Acknowledge Form contents changed, CQI-11 requirements included, Supplier classification modified, supplier class definition changed and Quality and Delivery Rating score updated	L. Montalvo 4/30/13
M	Corporate Office address changed. Sections: Supplier classification and class modified. Supplier Improvement Program criteria modified. PPAP requirements section has been updated applicable for Class 1 suppliers. Annual Revalidation statement has been added (Quality Data Requirements),Supplier Class reference table added	Gabriela Zepeda 1/24/14
N	PPAP requirements section has been updated applicable for Class 1 suppliers. Quality Data Requirements has been updated.	Gabriela Zepeda 6/3/14

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P	Certificate of Compliance (CoC) information added in Section 15 under "Ongoing deliveries following rate production approval".	Vishnu Naidu 11/14/14
R	Classes of Supplied Material section updated. Distribution Vendor's type added to the scope of Class 1 suppliers.  Ongoing deliveries requirements- Vendor Distributor Type.	Walter Paez 05/19/2017
T	Section 9, supplier classifications renamed. Section 12 updated for monthly review if Supplier performance is below target in Delivery. ISO/TS 16949 references changed to IATF16949. Section 10 requirements for sub-suppliers for Automotive End Applications added.	Walter Paez 3/05/2018
U	Section 13 On-site Supplier Audits/Assessments added, section 9 supplier classifications name changed and section 20 updated.	Marili Garcia 5/10/2018
V	Section 10, Class1: Supplier responsibilities were added.	Walter Paez 11/9/18

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## SECTION I – GENERAL INFORMATION

### 1. PURPOSE

The purpose of this Supplier Quality Requirements Manual is to specify Autosplice quality system requirements for our suppliers.

### 2. SCOPE

The requirements contained in this manual are applicable to all Autosplice suppliers. Autosplice selects and purchases from suppliers based upon their ability to provide products of superior quality, on time, and at a competitive price. Suppliers are an essential element of the Autosplice Quality Management System. It is our intent to develop long-term alliances with suppliers who meet our quality and continuous improvement goals. This revision supersedes all previous releases and Autosplice reserves the right to revise this manual at any time without prior notification.

### 3. REFERENCES

Technical Specification IATF16949: Particular requirements for the application of ISO9001 for automotive production and relevant service part organizations.

#### Work Instructions

WI-4.6-15 – Supplier Improvement Program

WI-4.14-4 - The Five Why Process Guidance

#### Forms

The following Autosplice forms are associated with this document and can be obtained from the Autosplice website:

- QA First Article Inspection (Form 93-0086)
- Temporary Deviation Request (Form 93-0087)
- Supplier Quality Survey (Form 93-0095)
- Supplier (8- D) Corrective Action Request (Form 93-0011)
- Five Why (Form 93-0415)
- Supplier Request for Change (Form 93-0423)
- Autosplice Owned Tooling (Form 93-0414)
- Autosplice Plating Supplier Survey (Form 93-0504)
- Part Submission Warrant CFG-1001 March 2006

#### Important Website Links:

Autosplice website: <http://www.autosplice.com/#11>

AIAG website: <http://www.aiag.org/publications/quality/iatfquality.cfm>

International Automotive Oversight Bureau (IAOB) website: <http://www.iaob.org/>

## 4. RESPONSIBILITY

Suppliers are responsible for meeting the requirements of this manual. Failure to meet these requirements may result in the loss of existing and/or future business.

This manual is 'distributed' only via the posting on the Autosplice website at <http://www.autosplice.com/#11>

Printed copies are uncontrolled documents. While Autosplice will communicate major revisions to this manual to suppliers, suppliers are expected to remain up to date on all Autosplice requirements by frequently visiting the Autosplice website. Visiting this website should become a business routine.

Suppliers shall comply with all applicable governmental regulations. These regulations relate to the health and safety of the workers, environment protection, toxic and hazardous materials, and free trade. (REACH, RoHS, Conflict Minerals Reporting)

Suppliers must keep Autosplice informed of all activities that may affect the total product quality, delivery and cost.

Suppliers must keep Autosplice informed of any issues that relate to the ability to produce acceptable quality material within the pre-determined delivery window.

## 5. GENERAL

This supplier quality requirements manual shall be considered a formal attachment to all purchase orders issued by Autosplice. Acceptance of an Autosplice purchase order constitutes acceptance of the requirements of this manual. Autosplice, drawing/print requirements or referenced specifications take precedence over the requirements of this manual.

## 6. SAFETY REQUIREMENTS

Suppliers of material to Autosplice are required to adhere to all government safety and environmental restrictions for restricted, toxic and hazardous materials. Certification of compliance shall be kept by the supplier and provided to Autosplice upon request.

## 7. COMMUNICATION & LANGUAGE

Autosplice believes in maintaining open lines of communication with its suppliers and expects all suppliers to do the same.

- **CONTACTS**

The Autosplice buyer is the official contact for all purchase orders, Engineering and technical issues. Quality issues will be handled by the relevant Autosplice receiving plant Quality department. The supplier shall receive written approval from the Autosplice buyer before implementing any changes or modifications to processes or products.

- **LANGUAGE**

Autosplice's official language is English. All official communication with Autosplice will be done in English. Documents may display the native language when integrated in parallel translation. In this instance, the English shall be the

only valid version.

## 8. NEW SUPPLIERS

New suppliers who wish to be considered as a possible source for class 1 materials to Autosplice shall:

- Suppliers shall have a quality system registered in accordance with ISO9001 or IATF16949 and accredited by a third party registration body, or shall submit a plan that outlines future plans for registration, and demonstrates progress towards registration.
- Complete the Supplier Quality Survey (Autosplice Form 93-0095) and return to the Autosplice Supplier Quality Engineer. Note: Plating Suppliers must also complete Autosplice Plating Supplier Survey (Autosplice Form 93-0504). These forms can be obtained from the Autosplice website. Plating Suppliers must also provide CQI-11 self-assessment (AIG special process standard: plating system assessment).

## 9. SUPPLIER CLASSIFICATIONS

Autosplice classifies the supplier base into levels and assigns minimum delivery and quality performance requirements to each level. These are:

- **A** – Maintenance of this rating requires a Delivery and Quality rating of 100% overall. A suppliers will always be selected for new business opportunities unless there is a compelling reason to choose otherwise.
- **B** – Maintenance of this rating requires a minimum Delivery and Quality rating of 95% overall. B Suppliers are eligible to bid/quote on any new business.
- **C** – Maintenance of this rating requires a minimum Delivery rating of 70% and a minimum Quality rating of 90%. C Suppliers not eligible to bid/quote on any new business. Must follow SCAR procedure (ref section 4- point 25 of this document) and need monthly monitoring during the next quarter.
- **Restricted Supplier** - This rating indicates that the supplier has fallen below the minimum requirements specified for a Standard Supplier, has recurring quality or delivery problems, or is deemed by Autosplice Quality Assurance to have control problems sufficient to be a risk to Autosplice. No new business shall be awarded to a Restricted Supplier without the concurrence of the President of Autosplice and the VP of Quality. Follow corrective and preventive actions procedure.



## 10. CLASSES OF SUPPLIED MATERIAL

### Class 1

This level of product is used to add additional value at Autosplice and is then sold to a final customer for additional processing or assembly. Supplier must be registered by a 3<sup>rd</sup> party body to the requirements of ISO9001 or IATF16949. Suppliers that provide raw material that will be used on Automotive product will be required to submit PPAP. Distributor suppliers type may require to full fill PPAP submission requirements if they are considered critical according with Autosplice customer's specific requirement. PPAP submission level should be defined at PO requirements

Automotive Application End suppliers are required to demonstrate the statutory and regulatory requirements related to product safety, special process and characteristics have been flow down to their suppliers and to assess the risk to product conformity and uninterrupted supply (Quality and Delivery) of their processes as well as their supplier's.

It's the supplier responsibility to confirm full understanding of Autosplice and its customers general and specific requirements for applicability, they are clear, producible and measurable.

### Class 2

This level of product is custom-made for Autosplice. Class 2 material is used in the assembly or manufacturing of automated equipment sold by Autosplice.

### Class 3

This level of product is typically purchased from catalogs. Class 3 materials are assembled into Autosplice equipment intended for resale to customers.

### Class 4

This level of product is not used in the direct manufacture of products or equipment intended for resale to customers.

## Bulk Material Supplier

A supplier of material which is in the form of a non-dimensional solid, liquid or gas such as adhesives, sealants, chemicals, coatings, fabrics, etc. A bulk material may become class 1 material if it is a customer directed part number or if Autossplice determines to do so.

See below table for reference:

Class #	Class Type	Material
Class 1	Metal	Wire
		Strip
		Grommet
		Terminal
		Spliceband
		Pin heads
		Plating
		Bushing
Class 1	Plastic	Housing
		Carrier Housing
Class 2	Chemicals	Resin
		Solder
		Loctite
Class 1	PCB	
Class 1	Semiconductores	
Class 2	Package	
Class 3	Spare part	
Class 3	Machine parts	
Class 4	Machine repair	
Class 4	Services	

## 11. QUALITY SYSTEM REQUIREMENTS

Autosplice requires that all suppliers of class 1 materials have a quality system registered in accordance with ISO9001 or IATF16949 by an accredited third party registration body. Autossplice requirements and justification for such suppliers to be added to the Autossplice Approved Supplier list (ASL).

Suppliers of class 1 materials that are currently not 3rd party registered must submit a plan that outlines future plans for registration and demonstrates progress towards registration.

Autosplice strongly recommends that class 2, 3 and 4 suppliers seek registration to ISO9001.

Autosplice recommends for its suppliers to continue using the latest Automotive Industry Action Group (AIAG) versions of the Advanced Product Quality Planning and Control Plan (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), Production Part Approval Process (PPAP), and Statistical Process Control (SPC) manuals as guidelines for their system development. These publications can be obtained at the AIAG website. <http://www.aiag.org/>.

## 12. SUPPLIER RISK ASSESSMENT

Autosplice requires a completed Supplier Risk Assessment (Autosplice Form 93-0095) from all suppliers and reserves the right to require an on-site audit to verify conformance to processing requirements or effectiveness of any required corrective actions. **Note: Plating Suppliers** must also complete Autossplice Plating Supplier Survey (Autosplice Form 93-0504). These forms can be obtained on the Autossplice website. Plating Suppliers must also provide CQI-11 self-assessment (AIG special process standard: plating system assessment) and have an annual update sent to Autossplice Quality Engineer/Purchasing Buyer

## 13. ON-SITE SUPPLIER AUDITS ASSESSMENTS

Autosplice reserves the right to verify the products and manufacturing processes at the supplier's premises by Autosplice representatives, our customer and/or their customer. This can be done by different kinds of audits and the supplier will be notified in advance.

Supplier agrees that Autosplice, on a regular basis, may perform 2<sup>nd</sup> party audits on Supplier's quality system, product integrity, manufacturing processes and technical standard.

The on-site supplier audits would be performed according but not limited to the following criteria:

- The requirements listed in the Supplier risk self-assessment are partially met and/or special risks are present
- Supplier scores C or below in Autosplice Supplier Scorecard for delivery and/or quality, as specified in Suppliers Classification section of this manual.
- Supplier does not have a quality system in place accredited by a third-party registration body.

## SECTION II – SUPPLIER RATINGS / IMPROVEMENT PROGRAM

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### 14. SUPPLIER RATING SYSTEM

Supplier Scorecards will be followed in a Monthly basis by Purchasing and Quality departments; If Supplier performance is below target in Delivery and/or Quality will be notified in a monthly basis. All Autosplice-designated Key Suppliers will receive quarterly performance Scorecards from Autosplice indicating Delivery and Quality rating. A poor performance score is used both as part of future sourcing decisions and also to focus continuous improvement efforts. Supplier performance ratings are usually issued via email by the end of the following month for the previous quarter. Performance scorecards include:

#### **Delivery Rating**

Calculated by dividing the number of line items received late from agreed upon on-dock date in any given month by the total number of line items received in that month expressed in percentage points. Autosplice considers:

**OTD** : Percentage (%) of number of lines received late (3 days after required dock date) divided on the number of lines received during the same month.

**Premium Freight**: Number of events paid by Autosplice when vendor did not ship on time to meet our requested dock date. See procedure WI-4.6-5 Purchasing Premium Freight Authorization for reference.

**Customer Disruption**: Number of events where customer presented production line down situation due to vendor late deliveries.

**Autosplice Sales:** Number of Autosplice Sales Orders lines that presented past due situation due to vendor late deliveries.

### Quality Rating

Calculated by dividing the number of rejected line items received in any given month by the total number of line items received in that month expressed in percentage points. Rejected lines for Quality Performance Rating purposes are determined as follows:

**Receiving Inspection (Lot Acceptance rate: LAR):** An unacceptable condition found at receiving or receiving inspection is counted as a rejected line item.

**In Process Failures (MRB):** An in process Discrepant Material Report (DMR) issued due to poor supplier quality is counted as a rejected line item.

**Returned Material Authorizations (RMA):** RMA's issued by Autosplice to our customer where the cause is attributed to poor supplier quality is counted as a rejected line item.

**Supplier Corrective Action Requests (SCAR's):** Each occurrence of poor responsiveness or failure to effectively identify the root cause of a product or process problem and to promptly implement corrective actions is counted as a rejected line item.

## 15. SUPPLIER EXPECTED IMPROVEMENT EFFORTS

### **Continuous Improvement**

Suppliers are expected to proactively communicate to Autosplice proposed alternative methods to improve product quality and reduce costs. Continuous improvement efforts shall include mistake-proofing methods in an effort to further reduce defects, part variability, and processing costs.

### **Cost Reduction Initiatives**

Cost reduction is an integral part of the long-term success of Autosplice and its suppliers. In order to remain competitive and become stronger in the marketplace, Autosplice and its suppliers must implement efforts to reduce the cost of goods sold, thereby reducing purchase prices. Autosplice will purchase from suppliers who are, or intend to become, leaders in their field of expertise and who have the desire and ability to offer price reductions on an ongoing basis through continuous process improvement and variation reduction.

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## SECTION III – QUALITY REQUIREMENTS

## 16. QUALITY DATA REQUIREMENTS

### **Initial data submission**

Autosplice requires that all initial shipments of parts, components or production materials into our plants be supported by Supplier submissions of PPAP's or First Article inspection reports as specified on the Purchase Order.

For non-PPAP items, a First Article Inspection of three (3) pieces from each cavity or stamping die press stroke is required. Dimensional data must be submitted for 100% of all drawing requirements. Test and material content requirements as specified in purchasing documents or drawing notes, shall also be submitted.

**For ongoing deliveries following production approval**, the following shall apply:

Autosplice requires material and plating certifications of compliance (COC's) to be included with every shipment including Distributor Vendors. Hard copy on each shipments and/or electronically at Autosplice Purchasing email: [pmail@autosplice.com](mailto:pmail@autosplice.com)

For metals, the COC shall include, at minimum, yield strength, ultimate tensile strength, elongation and grain size.

For plastics, the COC shall include, at minimum, yield strength, ultimate tensile strength, elongation, flexural modulus, and melt flow index.

For electronics, the COC should include actual values showing conformance to the specification (Resistors, Capacitors, Diodes, PCB's, etc.)

A minimum sample size of three (3) pieces per cavity or stamping die press stroke shall be used for all data provided.

See drawing(s) and purchase order for all other requirements.

Autosplice requires the supplier to generate and maintain all required inspection data for all production runs. Annual process and product revalidation data must be submitted upon request by Autosplice.

## 17. SPECIAL CHARACTERISTICS

Dimensions that are identified on the drawing, as "special" or "critical" or "control" or "key" must be subjected to a process capability study containing a minimum of 100 samples (25 subgroups of 4 pieces each). The results of the study must indicate a Process Study Capability Index per below:

Special Characteristic; the diamond symbol  $\diamond$  has been identified as the Autosplice special characteristic symbol. Any dimension marked with a diamond requires a capability study from the supplier as described above. The supplier must indicate an Initial Process Study Capability Index (Cpk) of 1.67 and maintain an on-going process capability index (Cpk) of 1.33 or greater for all special characteristics.

Critical Dimensions: The "CD" Symbol has been identified as the Autosplice Critical

Dimension symbol. It requires a capability study from the supplier as indicated above. The supplier must indicate an Initial Process Study Capability Index (Ppk) of 2.00 and maintain an on-going process capability index (Cpk) of 1.67 or greater for all Critical Dimensions.

**Evidence must be submitted prior to obtaining initial rate production approval.** When other than Autosplice drawings are involved, other types of symbols may be used and will be defined on the print. Regardless, the requirements for Special or Critical Dimensions remain as stated above.

## 18. PPAP OR FIRST ARTICLE SUBMISSIONS

First time delivery of new items requires the completion and submission of the Production Part Approval Process (PPAP) or First Article dimensional report. Suppliers may not ship production parts until Autosplice has approved PPAP or First Article submissions.

Autosplice expects 100% Delivery for PPAP or First Articles. Due dates are specified on the purchase order. Suppliers are to ensure that PPAP or First Article submissions are reviewed for accuracy. If, Autosplice receives data that is unacceptable a corrective action, and/or cost recovery charge can be issued for the time taken to re-do any of the suppliers work or the supplier can be placed on the Supplier Improvement Program.

First tier subcontractors of components will prepare PPAP submissions to Autosplice when Autosplice is a direct supplier to automotive industry and the customer requires such a submission. The Autosplice Purchasing Department will notify the first tier subcontractors of PPAP submission requirements.

### **Production Part Approval Process (PPAP)**

Suppliers shall ensure that the PPAP document and sample submissions are in accordance with the requirements of the Automotive Industry Action Group (AIAG) PPAP Manual. Suppliers shall only submit PPAP packages for production-released drawings, and a copy of this drawing shall be included in the submission package. Each supplier is responsible for meeting all these requirements before submission to Autosplice, including obtaining Auto splices approvals for any change requests.

PPAP's shall be submitted as specified in the Autosplice purchase order. Submission levels are detailed in the body of the purchase order. Where no level is specified, level 3 becomes the default. Level 3 submittals are also required to support any change to approved processes or products or to correct previous submissions.

When results are obtained that fail to meet requirements or specifications, the supplier shall immediately notify Autosplice for instructions. Parts must be held by the supplier pending written disposition instructions

## First Article Dimensional Report

When no PPAP has been required the supplier must submit a First Article Dimensional Report. Dimensional reports shall be in the same measurement unit as called out on the drawing or specification. When results are obtained that fail to meet requirements or specifications, the supplier shall immediately notify Autossplice for instructions. Parts must be held by the supplier pending written disposition instructions.

## Data Delivery requirement

Autosplice has established the following Quality Data Delivery requirements. Autossplice is requiring that all PPAP and First Article submissions be delivered in one the following formats:

- 1) One copy is to be delivered in a PDF format.
- 2) If the supplier does not have that ability to generate PDF files, the supplier can do the following: Submit one unbound copy, and one bound copy.

Note: PPAP or First Articles must be delivered to the attention of the Autossplice Manufacturing Engineer that has been working with the supplier on this project.

## 19. TEMPORARY DEVIATION REQUEST

Shipment of nonconforming product to Autossplice requires an approved Temporary Deviation Request (Form **93-0087**). The supplier must affix a copy of the Autossplice approved Form **93-0087** to the packing slip that accompanies the shipment. Inspection documents shall also be included and shall be clearly marked to indicate those characteristics that are out of tolerance.

## 20. SUPPLIER REQUEST FOR CHANGE

Once Autossplice approves a PPAP or a First Article, the supplier must obtain Autossplice approval prior to making any changes. Suppliers shall submit a written request for product or process change and obtain Autossplice approval six (6) months prior to implementing the change. Suppliers are to submit form **93-0423 - Supplier Request for Change**, to Autossplice, Attention: Supplier Quality. Supplier Request for Change may take Autossplice an extended period of time to be reviewed. Only one SRC should be submitted per part number/family. Include: part number, revision level and part description. **Changes shall not be implemented prior to the receipt of written approval from Autossplice.** VERBAL REQUESTS WILL NOT BE ACCEPTED.

## 21. ANNUAL LAYOUT INSPECTION

Autosplice, Inc. requires that supplier conduct an annual layout inspection of all parts purchased. The supplier is required to maintain the data on file, and will make it

available to Autosplice if requested. If a physical submittal is required, Autosplice will notify the supplier. The inspection report must be for every part dimension on the drawing. The measurements are obtained from a single part taken from normal production and the results submitted to Autosplice. When multi cavity tools are involved, measurements of one part from each cavity are required.

## 22. DROP SHIPMENTS

Suppliers who have been authorized to drop ship material direct to Autosplice customers or to outside processors shall provide to the appropriate Autosplice Quality engineer, the same documentation and data required in section III. Supplier shall retain all documentation and associated samples on file. Records shall be provided to Autosplice upon request. Records shall be retained for a minimum of 7 years.

## 23. AUTOSPlice OWNED PROPERTY

### Autosplice Owned Tooling

Supplies shall establish and maintain documented procedures for the control, verification, storage, and maintenance of Autosplice owned tooling. All tools, manufacturing, test or inspection equipment belonging to Autosplice, or Autosplice customers, shall be permanently marked so that the ownership of the item is visible and can be determined. These tools will only be used for Autosplice products. At times Autosplice can request for an inventory and condition reports of such tooling on form 93-0414.

### Autosplice Supplied Product

Supplies shall control Autosplice supplied product. The supplier shall identify, verify, protect and safeguard Autosplice property provided for use or incorporation into the product. The supplier must notify Autosplice in writing if any Autosplice property is lost, damaged or otherwise found to be unsuitable for use.

## 24. PRODUCT TRACEABILITY

All suppliers to Autosplice shall have an effective lot identification and traceability procedure for unique identification of individual product lots and shall identify product accordingly. Each lot shall be traceable back to the raw material used. This information shall be recorded and retained for a minimum of 7 years. The supplier shall provide this information upon request by Autosplice.

Suppliers shall ensure that their lot traceability system maintains its integrity throughout the entire extended supply chain, including not only raw material, but also purchased components/products.

## 25. OUTSOURCED PROCESSES

Autosplice retains responsibility for control over all outsourced processes. A new supplier for an outsourced process will not be added to the approved supplier list (ASL) until the requirements are met. The responsible Autosplice quality engineer, with support from the manufacturing engineer as required, will review and approve the appropriate supplier control plan, PFMEA, and process flow diagram. Review of associated process related



work instructions may be required. Once the required documentation is approved, the supplier must notify and obtain Autosplice approval prior to making any process changes of an approved control plan or process flow diagram. Examples of outsourced processes include painting, surface coatings or treatments, plating, soldering, etc.

## SECTION IV – CORRECTIVE ACTIONS & ASSOCIATED REQUIREMENTS

### 26. CORRECTIVE ACTIONS

A Supplier Corrective Action Request (SCAR) may be issued to the supplier for non-conformances discovered during an Autosplice audit of the supplier's quality system or because of quality or continuing delivery performance problems. SCARs will be issued for each reject of material at Autosplice or our customer when it is determined that the Supplier is at fault.

### 27. SCAR RESPONSES

Supplier Corrective Action responses shall be in the 8-D format. Autosplice form (Form **93-0011**) see EXHIBIT I.

- **Containment Actions must be completed and communicated to Autosplice within 1 working day of issue of the SCAR.** Typical containment activities includes sorting and rework activities.
- When requested by Autosplice, all product being shipped to Autosplice that is affected by the SCAR will require that the packaging include a visible label that reads "Sorted Material per SCAR#\_\_\_\_\_". This label must be applied to incoming product until the SCAR and Corrective Action is closed.

**If the supplier fails to respond to containment within 1 business day, Autosplice has the option to:**

- a) Have Autosplice personnel inspect and sort all incoming suspect materials. See the Supplier Cost Recovery section in this manual.
- b) Initiate third part sort for all incoming suspect materials. These costs will be billed to the supplier by the third party sorting company.

An initial plan and preliminary root cause analysis along with proposed completion dates must be submitted within 14 days of issue of the CAR. Any updates to the plan shall be promptly communicated to Autosplice.

Autosplice strongly encourages the use of the 8-D checklist that is attached to the SCAR and the 5-WHY form 93-0415/Fault Tree, which can be obtained from the Autosplice website. If the initial submission for root cause is not adequate, Autosplice can require that the supplier submit the 5-WHY along with the SCAR.

Full documented Root Cause Analysis and implementation of Final Corrective Actions are due 30 calendar days from the date of notification.

When necessary, suppliers may file for extension to Corrective Action deadlines with the Autosplice Supplier Quality Engineer.

## 28. SUPPLIER RMA REQUIREMENTS

When Autosplice requests an RMA (Return Material Authorization) the supplier must respond within 3 working days. If a response is not received within 3 working days Autosplice may Scrap the material and debit the supplier or Ship the material back to the supplier "Freight Collect" and debit the supplier at our discretion.

## 29. COST RECOVERY

Supplier Cost Recovery (CR) will be initiated by Autosplice when it has been determined that the supplier is responsible for quality and or delivery shortcomings. Cost Recovery process will include, but is not limited to: contaminated stock at received to Autosplice, product in transit, non-conforming received goods, assembly line downtime due to delivery or quality related issues.

If there is an occasion that due to production schedules and material availability, that do not allow the supplier the opportunity to replace suspect material or sort, Autosplice can complete the sort or rework operation at the cost to the supplier. The rate will be based on Auto splices standard cost and cost of materials per man-hour, plus any additional expenses incurred to sort or rework. The rate will depend on the nature of the specific operation and be negotiated between the supplier and the Autosplice purchasing agent.

## 30. CONTROLLED SHIPPING

Controlled Shipping (CS) Level I and II will be levied against the supplier when the Autosplice has determined that the supplier does not have the necessary safeguards preventing non-conforming products from reaching Autosplice or its customers.

Controlled Shipping, Level I - initiated by Autosplice and performed at the supplier location by supplier employees. Controlled Shipping Inspection process must be performed in a controlled area of the plant. Secondary Inspection data must be collected, and inspected product must be certified and data provided to Autosplice.

Controlled Shipping, Level II - includes all of Level I, with an added inspection by an approved 3rd party. Third party is selected by the supplier and approved by Autosplice, and paid by the Supplier. In some instances Autosplice may require that the 3rd party inspection to be performed outside the supplier facility.

Based on the severity of the incident, Autosplice may elect to go directly to CSII. The Supplier Quality Engineer at Autosplice will review irreversible corrective action and authorize removal or renewal of Controlled Shipping when appropriate.

**NOTE:** minimum of 30 days Corrective Actions verification period with no re-occurrences is mandatory.

## 31. FAILURE TO RESPOND TO CORRECTIVE ACTION REQUESTS

Suppliers failing to respond to SCAR's on time will be downgraded in quality and may be subject to de-sourcing. Autosplice Quality Assurance will review SCAR's for completeness and acceptability of the corrective action plan. The results of this review

will be communicated to the supplier. Supplier Corrective Action will be rejected if root cause or corrective actions are not adequately defined. Autosplice requires that completed 8-D corrective actions provide sufficient information so that we are confident that the supplier has identified the root cause and taken action to prevent its recurrence.

## **SECTION V – PACKAGING, LABELING AND SHIPPING REQUIREMENTS**

### **32. DELIVERY REQUIREMENTS:**

#### **ON TIME DELIVERY**

Suppliers are expected to provide 100% on-time delivery. Autosplice considers material received ON OUR DOCK on the agreed upon purchase order delivery date as being on time. Care should be exercised when quoting delivery dates.

### **33. PACKAGING, LABELING, AND SHIPPING**

- Product being shipped to Autosplice shall be packaged in such a manner so as to prevent damage caused by normal handling during transportation. Special packing requirements shall be specified in the purchase order. The minimum information required on the packing slip is 1) Autosplice Purchase Order Number, 2) Autosplice Part Number, 3) Autosplice Engineering Revision Level and 4) Quantity Shipped.
- Parts shipped under authorization of a Temporary Deviation Request must include a signed, approved copy of Autosplice Form 93-0087 with the shipment.
- Suppliers are required to utilize the approved freight carriers indicated on the Autosplice purchase order. Autosplice will not be responsible for incremental freight costs resulting from the use of a non-approved carrier without prior authorization in writing. Autosplice will not remit charges for premium freight without a purchasing representative's authorization.

### **34. BARCODE LABELING REQUIREMENT**

Barcode Labeling is a requirement. Bar coding must be done in accordance with Autosplice Labeling Specification (**SPEC-0055**).

**EXHIBIT I**



**Corrective Action Request**

**8 Discipline (8-D) Problem Solving Documentation**

<b>Customer:</b>		<b>Today's Date:</b>	
<b>Contact:</b>		<b>Reply Due Date:</b>	
<b>Phone#:</b>		<b>A/S P/N:</b>	
<b>Source:</b>		<b>Cust P/N:</b>	
<b>SourceID:</b>		<b>Part Desc:</b>	

**1 – Assignment of Primary Responsibility and Team Membership:**

Department:  Assignee:

**2 – Full Description of Problem or Nonconformity:**

**3 – Action taken to contain all Suspect Product and Short-Term corrective action:**

← The immediate containment must be in place to be certain that product in transit, at Autossplice and at the supplier's facility will meet the quality criteria. These actions often include sorting or rework activities. The Short-term Corrective Action must outline actions taken to ensure that immediate production requirements are met.

**4 – Root Cause of nonconformity: (define how this was determined and proven).**

← The Root Cause Analysis will define the cause for the defective product.

**5 – Long term plan to prevent any reoccurrence**

**Implementation Date:**

**6 – Respondent Name:**

**Initial Disposition  
Closure:**

**Date:**

Long-term Corrective Actions outline new activities and processes put in place to ensure the problem and root cause are addressed. The Preventative Actions taken outlines system and process issues that have been corrected. Often this relates to procedures that are changed to increase the review process to verify that previous corrective actions are effective.

**7 – Prevent Recurrence (what has been done):**

**ECN Number:**

**8 - Verification:**

**Date:**

**Method of Verification/Reason rejected:**

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:	Date:	Defect Code:
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## EXHIBIT 2

### 8-D PROBLEM SOLVING CHECKLIST

Autosplice strongly encourages the use of this tool. A primary goal of Autosplice Inc. is to demonstrate continuous quality improvement. To achieve this goal it is necessary to identify problems and provide positive corrective action to assure that the same problem will not reoccur. The checklist below outlines the 8-D problem solving process. The questions in each section will assist in generating the appropriate information necessary to maximize problem-solving efforts. A response of "NO" indicates the activity has not been fully assessed and further investigation is necessary. When used correctly, the checklist will produce effective corrective action responses. Submit your completed 8-D response on Autosplice Form- 93-0011 after you have answered, "YES" to all questions."

### 8-D PROBLEM SOLVING CHECKLIST

	YES	NO	Estimated Completion Date
<b><u>D-1 Define concern, organize and plan</u></b> What is the problem topic and the objectives? Who do we need to work on the problem?			
<b><u>D-2 Describe opportunity/problem</u></b> Does the problem description identify what is wrong with what? Does it identify when the problem was first seen? Does it identify where was the problem was first seen? Have you investigated whether the problem has been seen before or since it was first reported?			
<b><u>D-3 Contain The Problem:</u></b> Have all potential locations of defective product been included in the containment plan? (Manufacturing floor, inventory, distribution center, in transit, customer locations, etc.) Have all potential part numbers affected been contained and evaluated to prevent further nonconformance's from escaping? Does the containment plan protect the customer against further escapes until a permanent corrective action can be implemented? Has customer notification of escaped defective product been accomplished?			
<b><u>D-4 Identify and verify root cause:</u></b> Have you analyzed what changed in either manufacturing or engineering that could have caused the problem? Can you turn the problem on and off by introducing and removing the suspected root cause? Does the root cause explain all we know about the problem description as described in D-2 (what/where/when)?			
<b><u>D-5 Develop corrective action plan:</u></b> Has a plan been developed that includes specific milestones and people responsible for implementation? Have error proofing techniques, preventive measures and/or visual aids been considered?			
<b><u>D-6 Disposition</u></b> Was the corrective action taken completed? Closure/Reject			
<b><u>D-7 Prevent recurrence:</u></b> Have you investigated whether similar nonconformance's could be produced in other products, operational processes or locations? Have changes been made that will prevent similar nonconformance's from occurring? Have all documents affected been reviewed?			
<b><u>D-8 Implement and verify corrective action:</u></b> Have you developed methods to verify that the corrective action eliminates the root cause over time? Is there evidence that the permanent corrective action totally eliminates the defect associated with the root cause? Have the changes associated with the corrective action been documented in work instructions, specifications, blueprints and/or procedures and have all appropriate personnel been notified and trained on the change? Are there controls in place to assure the corrective action does not produce undesirable results?			

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**GLOSSARY**

<b>Term</b>	<b>Definition</b>
<b>APQP</b>	Advanced Product Quality Planning. A structure activity that plans, tracks and reports the development of a process to manufacture a component/material/assembly to meet customer requirements.
<b>AIAG</b>	Automotive Industry Action Group. A North American automotive organization, which publishes standards.
<b>Cpk</b>	The capability index for a stable process.
<b>CR</b>	Cost Recovery.
<b>CS</b>	Controlled Shipping.
<b>DFMEA</b>	Design Failure Modes Effect Analysis. A document generated during the design phase that identifies and establishes controls for potential failures in a component/material/assembly
<b>PFMEA</b>	Process Failure Modes Effects Analysis. A team process that identifies and controls potential failures before the product goes into production.
<b>PPAP</b>	Production Part Approval Process. A defined process for the validation of new materials and subsequent process changes.
<b>Ppk</b>	The performance index of a process. Normally used as part of the PPAP process.
<b>SCAR</b>	Supplier Corrective Action Request.

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