

Strip Tinning Automotive

S6_001_WI_691

Supplier Quality Handbook





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REVISION PAGE

| Revision Date | Section | Description of change | Reason for change |
|---------------|---------|---|--|
| 16.03.2023 | ALL | New Document | Improves Supplier Communication and monitoring |
| 05.06.2023 | ALL | Re-numbered from S6_003 | Doc No. alignment |
| 20.09.2023 | 2.1 | C classification suppliers | Clarification |
| 23.11.2023 | 2.1 | Added required to respond to terms of RFQ | Clarification |
| 16.04.2024 | Pg 18 | Sign off - Removed | Purchasing Request |
| 29.07.2024 | 3.2 | Added and amended | In line with RFQ |
| 29.07.2024 | ALL | Re-numbered from S6_001_02 | Company No. System |
| | | | |



1.0 Core Purpose

Our Vision

To provide superior quality glazing, battery, and auxiliary connector solutions, that are competitively priced, delivered on time and in full, of class leading technology to customers within automotive and niche non-automotive sectors.

Our Mission

To invest in people and technology, thus improving competitive advantage
To foster and maintain a continuous improvement philosophy.
To provide a customer driven strategy that focusses on Quality, Cost and Delivery (QCD)
To provide stakeholders with a world-class, cutting-edge manufacturing business

Our Core Values

To act with integrity in everything we do
To consistently deliver exceptional customer service and industry leading value
To foster and encourage innovation.
To be fair and transparent with all stakeholders
To be performance driven and accountable
To nurture, retain and develop employees.
To be entrepreneurial in spirit and act collectively as business owners
To play a positive role in our environment and remain accountable.

1.1 Introduction

Supplier Manual

The purpose of this manual is to improve relationships between Strip Tinning and its suppliers. To achieve that goal, the Senior Management of Strip Tinning understands as basic premise the need for agreements.

This manual represents all the documents of the Quality Management System between Strip Tinning and its suppliers, to obtain full cooperation between customer and supplier, absolute confidence in the process of supplying our products, and the commitment to be successful in achieving the satisfaction of our customers.

Strip Tinning is aware of the importance of applying the requirements of this manual. Therefore, Strip Tinning expects and needs the full commitment of its suppliers to obtain products that meet the levels of safety, quality, reliability, and costs required by our customers.

1.2 Objective and scope

Ensure the compliance with the quality of the product, the requirements of the supplier's quality management system, and its performance to meet the requisites of ISO 9001, IATF 16949 and the specific requirements of our customers.

Inform with simplicity and clarity the specifications and requirements to the suppliers, facilitating the communication and the understanding between the parties.

Guarantee the detection of possible cases of non-compliance before delivery, focusing on fast and effective corrective actions, continuous improvement, and product delivery assurance, in accordance with the specified requirements.

This handbook applies to all Direct Materials and Production Materials suppliers. It also applies to Indirect Materials and Service suppliers only when it is spelled out in a purchase order.

1.3 General Requirements

1.3.1 Safety and Health Management

Strip Tinning is committed to avoid damages to the safety and health of its collaborators and stakeholders, which is why we consider that our suppliers must demonstrate a commitment to safety and health.

They must also ensure compliance with the applicable legal requirements in this matter, including those related to products (acquisition, storage, handling, among others).

The minimum desired requirement for a supplier is to be certified by an accredited Third-Party Certification body to ISO 45001. If certification is not available, then a certification plan must be presented. In case the supplier does not have a certification plan, an audit must be done to validate the compliance or the standard requirements.

1.3.2 Quality Management System

An effective quality management system according to the ISO 9001 standards is a prerequisite for the relationship of a supplier with Strip Tinning.

The effectiveness of the Quality System is reflected in:

- Continuous and verifiable improvement in processes.
- Quality in their products.
- Reliability of delivery.
- Effective and timely implementation of corrective actions.
- Communication at all levels.

The goal of this quality system is to achieve together "Zero Defects".

The minimum requirement for a supplier is to be certified by an accredited Third-Party Certification body as ISO 9001. If certification is not available, then a certification plan must be presented. In case the supplier does not have a certification plan, an audit must be done to validate the compliance or the standard requirements.

They must also ensure compliance with the applicable legal requirements in this matter, including those related to products (acquisition, storage, handling, among others).

1.3.3 Environmental Management

Environmental management that assures compliance with the applicable laws, including those applicable to the product (environmental impact, recycling, handling, storage, or disposal) and that continuously and effectively improves the environmental situation of the supplier.

Strip Tinning is committed to environmental protection; Therefore, we expect our suppliers to show a voluntary commitment to environmental protection through the implementation of an environmental management system.

The minimum requirement for a supplier is to be certified as ISO 14001. If certification is not available, then a certification plan must be presented. In case the supplier does not have a certification plan, an audit must be done to validate the compliance or the standard requirements.

1.4 Supplier's Responsibilities

1.4.1 Within the scope of the supply agreement subscribed by Strip Tinning and the supplier, Suppliers are responsible for meeting the Supplier Quality Handbook (SQH) requirements. Failure to meet these requirements may result in the loss of existing and consideration for future business if failures persist without corrective action, in addition to reimbursement of the cost to Strip Tinning resulting from those failures.

1.4.2 Suppliers shall adopt the standards of Zero Defects and 100% On Time Delivery to Strip Tinning. Suppliers shall understand that any quality problem is not an Accepted Quality Level but represents



an intermediate continuous improvement step toward shipment of components/materials meeting the Zero Defects requirement.

- 1.4.3 Suppliers shall communicate in an immediate and open manner to Strip Tinning any quality or delivery related problems and is expected to answer immediately.
- 1.4.4 Suppliers are strongly encouraged to apply continuous improvements techniques that impact quality, service, and cost.
- 1.4.5 Strip Tinning expects from its supplier's continual feedback to highlight concerns or improvements that could be made to meet quality requirements, reduce costs, time, yield, etc.
- 1.4.6 Upon request, Supplier shall inform Strip Tinning their contingency plan for potential catastrophes disrupting product flow to Strip Tinning. Supplier shall notify Strip Tinning, at the earliest, in the event of an actual disaster, catastrophes may include, but are not limited to, utility interruptions, labour shortages, key equipment failures, natural disasters and warranty returns.
- 1.4.7 Ensure control and retention of documentation regarding regulatory compliance for the time periods required by the specific regulation as well as the documentation related to the product and the product samples in accordance with the applicable industry standards and Strip Tinning specific requirements.
- 1.4.8 Ensure all Strip Tinning documentation is understood and followed within the supplier's organization
- 1.4.9 Ensure adequate resources are provided to meet all Strip Tinning requirements and all related departments are trained regarding the guidelines of this document.
- 1.4.10 Ensure compliance with local legislation, including labour aspects (working conditions, remuneration, among others) and excluding child labour.
- 1.4.11 Respect human rights, prohibiting discrimination, forced labour, human trafficking, and harassment at all levels of the organization.
- 1.4.12 Prohibit the realization of direct or indirect payments for corrupt practices, financing of terrorism, bribes, money laundering or other improper payments.
- 1.4.13 Strip Tinning expects its suppliers to use for the OEM business, automotive instruments such as 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) as guidelines for their system development.
- 1.4.14 Suppliers must also comply with Strip Tinning Automotive specific requirements defined in the supply agreement subscribed by Strip Tinning and the supplier. The scope of this requirement affects subassembly, sequencing, sorting, rework, and calibration services in addition to the direct material suppliers.
- 1.4.15 By prior notice, suppliers shall allow Strip Tinning and Strip Tinning customers' access to both their facilities and those of their suppliers, for the purpose of evaluating parts, processes, documents (i.e., FMEA, Control Plan, Instructions, records, among others), methodologies and systems used in manufacturing of Strip Tinning products.
- 1.4.16 All Strip Tinning suppliers and partners must operate worldwide in accordance with ecological and social minimum standards.

- 1.4.17 Suppliers shall submit a writer request for product or process change and obtain Strip Tinning approval prior to implementing the change. The approval process may take an extended period when Strip Tinning's customer approval is required. Changes will not be implemented prior to the receipt of written approval from Strip Tinning.
- 1.4.18 The direct and indirect suppliers should have a sustainability policy applied to its indirect and direct procurement suppliers and shall cover counterfeit parts, protection of identity and non-retaliation, energy consumption and greenhouse emissions, water quality and consumption, air quality, natural resources management and waste reduction, responsible chemical management.
- 1.4.19 The suppliers must share information regarding minerals country of origin, smelters, and refiners being utilized by the Conflicts Minerals Report Template (CMRT) to ensure compliance of legislation. The report should be fill out and send before the commercial relationship with Strip Tinning begins and it should be updated if there is any change in the mineral reported, country of origin, smelters, and refiners utilized. Strip Tinning will immediately suspend or discontinue the agreement with suppliers where there is a reasonable risk that they are sourcing from, or linked to, any party or organization committing serious abuses.
- 1.4.20 The supplier should grant its employees the right to form and/or join trade unions or employee-elected representative bodies in accordance with national statutory regulations.
- 1.4.21 The supplier complies with all local and international antitrust laws and has a zero tolerate policy against any action from employees or suppliers that compromises this compliance.
- 1.4.22 The supplier should be alert of possible conflicts that may arise in the daily activities and report them to their immediate to Strip Tinning. Furthermore, suppliers shall implement conflict of interest procedures within their organizations.
- 1.4.23 The supplier shall always respect and comply with applicable laws and collective bargaining agreements, if applicable, on working and resting hours, including overtime working hours, as well as annual, sick, and parental leave and any other applicable leave regulations.
- 1.4.24 The supplier is encouraged to maintain reasonable working hour schedules for its employees to prevent quality and safety incidents and to minimize strains on employees' physical and mental health.
- 1.4.25 Supplier is encouraged to comply with ILO standards on working hours and leave.

1.5 Product Safety

- 1.5.1 Suppliers must have a Product Safety Management System to ensure the compliance of Strip Tinning's requirements related to the Safety Characteristics, which in case of non-compliance or non-conformance could lead to a failure of the final product that would create a safety hazard to customers.

The production of safe, fully conforming products to Strip Tinning is the supplier's responsibility. Any assistance provided by Strip Tinning does not in any way release or limit the supplier's responsibility to supply parts that conform to all technical specifications, standards, regulatory, contractual demands.

Suppliers are required to conduct a critical analysis for features of the product design and production process that could result in a safety effect. For suppliers having design responsibility, special characteristics related to safety must be clearly identified within their design specifications, verification/validation plans, drawings, and technical documentation and they are required to develop system, sub-system, Design and Process Failure Modes Effects Analysis to assist in the analysis.



The suppliers must notify Strip Tinning if any product features or functions where the potential failure mode and associated customer safety effect is assigned a high severity score (9 or 10).

Suppliers are responsible to ensure that all sub-suppliers and contractors are aware of and comply with the requirements related to product safety. Suppliers must have procedures and practices to ensure an adequate level of control and requirements are deployed at all sub-suppliers whose product or processes could influence safety related features.

1.6 Confidentiality

In addition to the Non-Disclosure Agreement, the following is required:

- 1 The supplier shall establish a system to manage confidentiality that begins at the sourcing decision and continues through the life of the component or raw material.
- 1.6.2 Any data, information, or knowledge (general and specific) obtained through activities with Strip Tinning shall be securely controlled, treated with strict confidence, and properly destroyed when no longer necessary.
- 1.6.3 Any breach of confidentiality or concerns must be reported to Strip Tinning Management immediately.

2.1 Suppliers Selection

When Strip Tinning requires a new product that may affect the quality and / or related to the packaging of the final product and the supplier is not in the selected suppliers' catalogue, a new supplier (or a current supplier with a new product) will be required to respond to all of the terms laid out in the RFQ and must be evaluated to determine whether it meets the following criteria:

- Health, Safety, Environment,
- Quality control.
- Demonstration, information, and technical advice.
- Management system.

2.1.1 Suppliers Selection

Based on these 3 classifications suppliers will be added to the Strip Tinning Supplier Panel, whereby there are 4 levels of acceptance criteria:

For a supplier to be added to the panel the following documentation will be loaded to the Strip Tinning Supplier Panel and authorised by both the Purchasing Manager and Quality Assurance Manager.

| Supplier Level | Selection Criteria |
|----------------|--|
| 1 | Can order direct from OEM - proceed |
| 2 | Check OEM approved distributor list prior to each PO. If Distributor is OEM approved - continue If Distributor is not OEM approved - see criteria 4 |



| | |
|---|---|
| 3 | Supplier is on STA approved supplier list |
| 4 | Distributor not on OEM approved list or Must offer CofC / CofA or Sufficient testing to prove required standards are met (<i>Requested as part of the Purchase Order</i>). |

Supplier Level 1

- Copy of Customer Agreement directing source
- PPAP as per Customer Agreement
- IATF and ISO accreditation if available. If no accreditation notification will be given to the customer that the chosen supplier is not certified.

Supplier Level 2

- Copy of Customer Agreement directing source
- Print of approved OEM distributor list
- Level 1 documentation is still required, and the OEM should be added to the Panel within Level 1.

Supplier Level 3

- IATF Certification
- ISO Certification
- Supplier non-disclosure agreement
- RFQ Packs
- Supplier Self-Assessment
- STA Supplier Audit (or audit schedule for suppliers not yet audited)

Supplier Level 4

- IATF Certification (if they are IATF accredited)
- ISO Certification
- Signed Customer Deviation/Concession
- Certificate of Conformance or Testing Certificates

The potential suppliers following evaluation must be A or B classification to be selected.

- **A Classification** (IATF16949 certified): Supplier approved.
- **B Classification** (ISO 9001 certification): Supplier initial approved.
- **C Classification** (Not certified at all for IATF 16949 or ISO 9001) Supplier not approved, pending further supplier development. To enable supply of materials the supplier will either:

- 1) State "Certificate of Conformance" as part of the delivery notes for Directed Source/Certified Distributor.
 or



- 2) Provide "Certificate of Conformance" for non-certified distributors.
- or
- 3) Provide Test Report to Manufacturers Specification non-certified distributors with each delivery.

When it deems convenient Strip Tinning may request visits during the manufacturing process of the raw materials or components to evaluate the technical capacity of the supplier in the manufacture of the parts. The suppliers directed by the client for any supplies (tooling, raw materials, components, packaging, among others) must comply with all criteria defined by this document except the selection and approval process.

2.2 Supplier Management

2.2.1 Supplier Rating

Suppliers of Strip Tinning are monitored quarterly through the Supplier Performance Index (SPI) based on the following criteria:

- Quality PPM
- Quality Incidents
- Delivery on time
- Certification (ISO) Quality & Environmental.

2.2.2 Specific Requirements

2.2.2.1 Delivery on Time

The delivery performance will be calculated as the percentage of "On time deliveries" within the period evaluated.

For evaluation purposes, any partial delivery is counted as one delivery.

A delivery within 3 days prior to, and 5 days after the due date for imported materials is counted as "on-time" and score for this delivery is (2)

Delivery 4 days prior to, and 6 days after the due date is counted as a missed delivery and the score counted as zero (4).

The due date is the delivered date.

If the delay is caused by circumstances where the supplier has no responsibility, the delivery performance will not be affected.

In the event no Objective delivery data is available, a Subjective score will be given by the Procurement Planner (using the same scoring method).

Scoring rating category for A, B for delivery on time is as follows:

| Delivery -D1 | | | |
|--------------|----------|-------|------------------------------|
| Rating | Incident | Score | Subjective Appraisal |
| A | On Time | 2 | General perceived as on time |
| B | Missed | 4 | General perceived as late |

2.2.2.2 Supplier PPM & Incidents

Strip Tinning uses the following quality indicators to calculate supplier performance:

- Qtr. review of PPM
- Qtr. review of Incidents recorded.

Scoring rating category for A, B and C for Quality PPM is as follows:



| Quality - Q1 | | |
|--------------|-----------|-------|
| Rating | PPM | Score |
| A | 0 to 50 | 2 |
| B | 50 to 200 | 4 |
| C | 200 + | 6 |

Below is the explanation for these indicators:

Qtr. Quality Incidents

Detailed number of nonconformities raised quarterly according to the stage of production: reception of the raw material, production, final inspection.

Qtr. Review of PPM

Detailed PPM based upon number of rejections recorded / number of parts received.

Scoring rating category for A, B and C for Quality incident is as follows:

| Quality - Q2 | | |
|--------------|----------|-------|
| Rating | Incident | Score |
| A | 0 | 2 |
| B | 1 to 2 | 4 |
| C | 3+ | 6 |

2.2.2.3 System index (SI)

The system compliance is based on ISO 9001 certification.

If supplier is ISO 9001 or IATF16949 certified, the system performance score is 2.

If supplier does not have ISO 9001 certification, the score for system performance is 4.

2.2.2.4 Environmental Management Index (EMI)

If supplier is ISO 14001 certified, the system performance score is 2.

If supplier is not ISO 14001 certified, the system performance score is 4.

If you do not have either of the certification the score is 4.

Scoring rating category for A, B and C for systems certification is as follows:

| System -S1 | | |
|------------|---------------|-------|
| Rating | IATF/ISO/EMI. | Score |
| A | Yes | 2 |
| B | No | 4 |

2.3 Supplier Performance

2.3.1 Supplier Performance Communication

Through Supplier Performance Feedback, the Supplier Performance is reported quarterly to the suppliers.

| | Category Score Band | | | |
|----------|---------------------|----|----|----|
| | Q1 | Q2 | Q3 | Q4 |
| PPM | | | | |
| Incident | | | | |
| Delivery | | | | |
| System | | | | |

2.3.2 Classification Criteria

Strip Tinning supplier’s evaluation ranks suppliers according to the following scoring criteria:

- **A Classification** (Score between 0 to 8): Good performance. Delivery is according planned, and Quality is according specified.
- **B Classification** (Score between 9– to 14): Performance below standard. Action plan and containment action required. Corrective actions must be communicated within 30 calendar days after receiving samples and 8D report and root cause analysis must be delivered. The supplier must recover de compliance level according scalation levels.
- **C Classification** (Score 15+): Performance does not meet with Strip Tinning requirements. Supplier escalation is in process. Audit must be performed.

Scoring category for A, B and C for overall supplier rating is as follows:

| Supplier Rating | | | | | | | | | | | |
|----------------------------|-------------|---------|---------------------|-------------------|-------|----------------------|----------|-------|--------------------|---------------|-------|
| Quality - Q1 | | | Quality - Q2 | | | Delivery - D1 | | | System - S1 | | |
| Rating | PPM | Score | Rating | Incident | Score | Rating | Incident | Score | Rating | IATF/ISO/EMI. | Score |
| A | 0 to 50 | 2 | A | 0 | 2 | A | On Time | 2 | A | Yes | 2 |
| B | 50 to 200 | 4 | B | 1 to 2 | 4 | B | Missed | 4 | B | No | 4 |
| C | 200 + | 6 | C | 3+ | 6 | | | | | | |
| Category | | | Rating | | | | | | | | |
| A Rating | Q1+Q2+D1+S1 | 0 to 8 | A | Good | | | | | | | |
| B Rating | Q1+Q2+D1+S1 | 9 to 14 | B | Improvement Req'd | | | | | | | |
| C Rating | Q1+Q2+D1+S1 | 15+ | C | Escalation | | | | | | | |
| Category Score Band | | | | | | | | | | | |
| | Q1 | Q2 | Q3 | Q4 | | | | | | | |
| PPM | | | | | | | | | | | |
| Incident | | | | | | | | | | | |
| Delivery | | | | | | | | | | | |
| System | | | | | | | | | | | |

2.2.3 Supplier Qualification Audit

Strip Tinning will request a self-assessment in a yearly basis for all supplier classified as “A” and “B” and for the “C” suppliers Strip Tinning will perform an audit in the next year after the end of the evaluation to verify the system and the improvements made according to the 8D reports.

If the supplier is classified as “B” Strip Tinning must request an audit in their installation to verify compliance of the requirements when it deems appropriate.

The purpose of this audit or self-assessment is to provide Strip Tinning an idea for the supplier financial state, production capabilities, environmental, safety, health, sustainability, and quality systems maturity and includes a process and product evaluation.

2.3.4 Supplier Disqualification

Supplier disqualification is based on the ranking and the audit results or in the event of reports of nonconformities, where the supplier does not undertake to resolve the problem. A supplier that in the previous year had a “C” classification for supplier performance and after the audit and the action plan do not demonstrate the improvement implementation in the follow-up meetings will be automatically disqualified.

Any supplier disqualified will be added to the “New Business On-Hold” folder. For those suppliers remaining in the On Hold category for > 1 year will be de-sourced following authorisation from the Managing Director.

To re-approve a disqualified supplier, an executed action plan must be submitted, and a new audit will be carried out to eliminate the likelihood of recurrence.

3 Receiving Requirements

3.1 Received Product Quality

The materials supplied must comply with the quality specifications agreed between Strip Tinning and the supplier, such as dimensions, tests and assays, labels, and delivery conditions. Some are generic, as follows:

- In case of products for the automotive sector all purchased materials must be delivered with Quality Certificate, which is attached to the invoice or sent by electronic mail identified with the purchase order number of Strip Tinning.
- For the OEM market the materials that arrive without a Quality Certificate will only be received by sending the documentation, allowing in this way their reception, in case of BRG market the required documentation must comply the purchase agreement between Strip Tinning and the supplier.
- Materials must be properly sealed; Strip Tinning will not receive materials that could cause accidents or property damage.
- In the case of chemicals, the material safety data sheet must be sent.
- Damaged, deformed, oxidized materials will not be accepted. If the problem is detected after receipt of the goods, Strip Tinning will contact the supplier to negotiate the disposal of nonconforming materials.
- All materials should be duly identified with relevant data such as batch details/serial numbers to facilitate traceability and problem solving, especially those related to product safety.

When the cases of non-conformance are detected whether at the reception, during production or on the client, these events will be recorded in the Monthly Quality Report and sent to the supplier to establish corrective actions.

The supplier must implement containment actions within 48 hours after the non-conformance communication. Within 8 days must submit a corrective action plan (D1-D4) and a complete root cause analysis (8D) within 30 days to avoid recurrence. This requirement applies to delivery problems. If the supplier requires more time to implement the corrective action, from the one established in the action plan, the supplier must request to Strip Tinning the change of the deadline, which must be agreed between the supplier and the quality and supply chain department.

The supplier is responsible for notifying immediately to Strip Tinning when non-conforming products are detected after shipment or when a potential customer risk is identified.

All materials received are inspected by sampling, according to the control plan, the quality requirement agreed between Strip Tinning and the supplier and taking into consideration standards and technical specifications, such as ASTM, DIN, SAE, etc.

3.2 Non-Conformity

3.2.1 Quality Non-Conformity

Suppliers will be expected to deliver materials and components to specification, functionally, dimensionally and cosmetically. In the event materials/components are supplied away from specification a Quality Non-Conformance (QNC) will be raised immediately the non-conformance is detected in order to track the concern. The QNC will explain the nature of the concern comparing it to the agreed specification and the expected reaction from the supplier in order to remedy the situation (stock sweep, rework, supplier firewall, good product identification, etc – further details below & supplier to pay costs).

The supplier will be required to use their preferred 3rd party quality control provider and pay costs directly. Where this not practical either a 3rd party quality control provider will be appointed, or internal staff will be used with any respective costs recovered via deduction from invoice payments due to the supplier (this will be inclusive of a 10% administration fee in addition to the standard QNC administration cost of £150).

The supplier will have 24 hrs to dispute the QNC demonstrating the adherence to specification whereby the QNC will be cancelled and removed from the supplier allocation if the standard has been met. Any costs incurred will be covered by STA.

Once the QNC has been accepted an 8D will be required (in the agreed format – either supplier standard or STA issued) with timing in line with the Quality Handbook.

Cost recovery (pre-consumption): Quarantining of stock, Sorting stock, Identification of OK/NOK stock, Rework of stock, return of stock to supplier, Special transport to replace NC stock.

Cost recovery (post-consumption): Rework of manufactured stock, Manufactured stock scrapped (if uneconomical to rework), Line stoppage @ production or customer, Recovery of NOK parts from customer and any warranty claims.

3.2.2 Delivery Non-Conformity

Suppliers will be expected to deliver materials and components on time, in full and labelled/advised correctly (OTiF). In the event materials/components are not supplied OTiF a Delivery Non-Conformance (DNC) will be raised immediately the non-conformance is detected in order to track the concern. The DNC will explain the nature of the concern comparing it to the requirements and the expected reaction from the supplier in order to remedy the situation (special transport, relabelling, collection of over-delivery, etc).

Where relabelling/repacking is needed, the supplier will be required to use their preferred 3rd party quality control provider and pay costs directly. Where this is not practical either a 3rd party quality control provider will be appointed, or internal staff will be used with any respective costs recovered via deduction from invoice payments due to the supplier (this will be inclusive of a 10% administration fee in addition to the standard DNC administration cost of £150).

The supplier will have 24 hrs to dispute the DNC demonstrating the adherence to OTiF whereby the DNC will be cancelled and removed from the supplier allocation if the requirement has been met. Any costs incurred will be covered by STA.

An 8D will be expected following the same process as the QNC.

Cost recovery:

Late to schedule (Special transport & additional receiving costs, Production stoppage), Early to schedule (Additional storage costs and collection costs), Over shipment/more than schedule (Decanting excess quantity, Additional storage costs and collection costs), Under shipment/less than schedule (Special transport & additional receiving costs, Production stoppage).

Incorrectly advised quantity, incorrectly advised box to part, incorrectly advised paperwork to box/paperwork to part (Paperwork Correction Admin, Special transport & additional receiving costs, Decanting excess quantity, Additional storage costs and collection costs, Production stoppage). Wrong label type, No ASN, No Delivery Notes (Paperwork Correction Admin).

3.2.3 Packaging Non-Conformity

Suppliers will be expected to deliver materials and components to the correct specification of packaging (File attached in the RFQ folder). In the event materials/components are not supplied to the packaging specification a Packaging Non-Conformance (PNC) will be raised immediately the non-conformance is detected in order to track the concern. The PNC will explain the nature of the concern comparing it to the specification and the expected reaction from the supplier in order to remedy the situation (repacking parts, correction of load to pallets, special transport for correct packaging, etc).

Where repacking is needed, the supplier will be required to use their preferred 3rd party quality control provider and pay costs directly. Where this not practical either a 3rd party quality control provider will be appointed, or internal staff will be used with any respective costs recovered via deduction from invoice payments due to the supplier (this will be inclusive of a 10% administration fee in addition to the standard PNC administration cost of £150).

The supplier will have 24 hrs to dispute the PNC demonstrating the adherence to packaging specification whereby the PNC will be cancelled and removed from the supplier allocation if the requirement has been met. Any costs incurred will be covered by STA.

An 8D will be expected following the same process as the QNC.

Cost recovery:

Wrong box type/size, incorrect pack quantity to agreed standard, boxes/pallet in poor condition, pallet stacked too high, boxes not secured to pallet, boxes overhanging/underhanging pallet.

- Repackaging of parts to correct box type/size/new pallet.
- Special transport & additional receiving costs if packaging provided by supplier.
- Cost of packaging, if provided by STA.

Unless defined otherwise in the supply agreement, when a non-conforming material produces rejection in the final product, rework or any other, that generates an additional cost for Strip Tinning, and demonstrates the responsibility of the supplier through a root cause analysis reviewed by both parties and the final customer if necessary. The supplier must assume all the costs. Strip Tinning will recover those costs from the responsible supplier by issuing a debit note.

When Strip Tinning receives unacceptable level of non-conforming parts from a supplier, Strip Tinning will put the supplier under Controlled Shipping Level regime. The supplier must then immediately implement an inspection process to prevent further delivery of non-conforming parts.

Controlled shipping can be applied at three different levels CSL1, CSL2 or CSL3, with CSL1 and CSL2 being the most used levels.

- **CSL1:** Suppliers' own staff or 3rd party executes 100% inspection on products before shipping to Strip Tinning.
- **CSL2:** If the supplier has failed to rectify the quality issues in CSL1 or has significant problems in quality, Strip Tinning may require CSL2. A third party is then selected by the supplier and approved by Strip Tinning to carry out CSL2 and is executed within or outside of the supplier's factory. CSL2 is paid for by the supplier.
- **CSL3:** Long term operation involving a third-party helping supplier find the root cause for re-occurring issues and suggesting an improvement plan.

All the cost related to the Controlled shipping must be assumed by the supplier.

Compliance with the requirements specified in the manufacturing rules is the sole responsibility of the supplier. Failure to comply with this requirement implies demerit to the supplier.

The Provider shall maintain a reliable traceability system so that all material sent to Strip Tinning is traceable, especially those materials or components that affect the safety of the product. This system shall provide the production history of the raw material or component back to specific lots, sub-components, parts, and raw material, including rework operations or activities. The traceability information must include test records, process parameters, machine settings, maintenance activity of equipment, machines, gauges and test equipment and personnel qualification records for operators performing the work. No materials will be received whose traceability cannot be guaranteed.

The minimum requirement for storage of information related to traceability of materials that affects the safety of the product is 18 years after product phase-out or end of production.

3.3 Prototype Fabrication and Quality Evaluation

For the prototype and pre-production fabrication parts, suppliers shall imitate the planned production process as closed as feasible. For these prototypes Strip Tinning may require the suppliers provide material, dimensional, performance or process data. If the prototype and production suppliers are different, the prototype supplier shall share with the production supplier the process knowledge gathered in the prototype fabrication.

3.4 Special Characteristics and Safety Critical Characteristics

A Special Characteristic can affect the safety, compliance with regulations, fit, function, performance, requirements, or subsequent processing of product.

A Safety Critical Characteristic is determined based on the potential of a feature, product, or system to create a personal hazard to any person in contact with the products or effects caused by the product. Suppliers shall implement process controls for Special Characteristics and Safety Characteristics as designated on Strip Tinning's specifications and drawings related to product safety, government regulation, and product performance.

Safety Critical related features are marked by the symbol [CC] next to the feature on the drawing or in the specification. If any feature of a part is considered safety critical, the part is a safety critical part. All the activities related to Product Safety Management are required if any feature of a part is identified as having an impact on safety, and therefore the part is considered safety critical.

For all dimensional, material, test and functional features of products identified as safety critical [CC], shall apply the following requirements:



- Safety critical characteristics must be clearly identified throughout the manufacturing process and in all associated documentation such as process FMEA, control plans and work instructions.
- The capability requirements for parts identified with [CC] characteristics are described below:
o Process under statistical control normally distributed.
- Process appropriate checking frequency.
- If the process capability is not achieved the supplier must have an action plan approved by Strip Tinning for achieving Process Control and Capability.
- Data records must be available upon request by the Strip Tinning SQE. The data must include identification of the production lot or serial number information.

In addition to the described above, the supplier shall apply the following requirements on the shop floor:

- Identification of the operations which have a direct or indirect influence on a safety feature.
- Identification of the characteristics and potential effects of non-compliance.
- Training status and authorization for all operators working on safety feature related workstation.

During the APQP, Process Audits or PPAP activity, the Strip Tinning SQE will verify the evidence of completion and compliance to these requirements for concerned products.

3.5 Advanced Product Quality Planning (APQP)

Strip Tinning's goal is to work closely with suppliers in the development phase, which will enable a structure and a managed program that delivers reduced development costs, with the achievement of all the set objectives (quality, cost, and delivery).

The suppliers must:

- Develop Advanced Quality plans to support the development of new products.
- Report the status of plan activities on a regular basis.
- Establish communication channels with Strip Tinning to ensure compliance with the plan in each of its stages.

During the product development cycle Strip Tinning will define component and material criticality. The supplier must ensure that all parts produced during the development meet the requirements of the automotive industry including tests in accordance with ANSI, DIN standards, among others.

When required by Strip Tinning, the supplier must deliver key documents of the APQP process as support for the closing of the supply agreement.

3.5.1 Production Parts Approval Process (PPAP)

Strip Tinning will request to the supplier all the necessary documentation for the Production Parts Approval Process – PPAP.

Layout inspection and functional tests needs to be planned in the Control Plan and performed in a yearly basis.

Suppliers must ensure that the PPAP document and sample submission are in accordance with the requirements of AIAG Production Part Approval Process Manual (unless otherwise stated). They also ensure that all these requirements are met before submission to Strip Tinning, including obtaining customers approval for any change request if needed.

Supplier submission of a non-conforming PPAP package will be recorded as a supplier performance failure and could affect the supplier's performance rating. Strip Tinning will determine the level of PPAP submission and any special requirement if applicable.

When applicable, suppliers shall include in the PPAP submission the engineering specification, drawings, test plan and the engineering tests results.

3.6 Concessions

Strip Tinning may offer concessions in case of divergences in the product specifications supplied. However, the Supplier shall require the formal authorization of Strip Tinning prior to shipment of any products, materials and / or services that do not comply with the specifications or standards that have been agreed between Strip Tinning and the supplier.

Strip Tinning may issue a temporary or permanent authorization to send different products and / or materials than previously agreed.

To request a permanent or temporary authorization, the supplier must send to Strip Tinning the necessary documentation with their modifications to the quality, purchasing and product engineering departments to get formal approval.

3.7 End of Life Vehicle (ELV) / International Material Data System (IMDS) Reporting

The End-of-life Vehicle (ELV) Directive was enacted by the European Commission “to minimize the impact on end-of-life vehicles on the environment”. The used of lead, mercury, cadmium, and hexavalent chromium are prohibited in vehicles, specific exemptions to the prohibition of the use of hazardous substances in vehicles are listed in Annex II to the ELV Directive and are subject to regular reviews according to technical and scientific progress. This is a mandated requirement for European Union (EU) Members States and required by north American and Japanese vehicle manufacturers.

The International Material Data Systems (IMSD) was designated to house the required data and the Automotive Industry Action Group (AIAG) committee has developed a guideline for a common set of rules and formats for data collection (the AIAG End-of-Life Vehicle Reporting Tool). Based on product line requirements (prior to or with the PPAP submission), suppliers shall submit data.

3.8 New European Union (EU) Regulation on Chemicals (REACH)

As of June 2007, the European Regulation (EC) 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) entered into force.

REACH affects all industries, also Automotive industry which has several roles and obligations under REACH:

- Companies that do not comply with REACH will have no market; REACH poses a threat to any company doing business in the EU.
- Business continuity can be adversely impacted by REACH and supply chains can be disrupted.
- An automotive Industry Guideline on REACH has been developed and gives an overview of REACH, its requirements, and recommended actions.

3.9 Packaging

Strip Tinning and its suppliers shall agree upon the packaging plan during APQP process, including the following:

- There shall be only between Strip Tinning and the sub-supplier advanced defined part number in a box or packaging unit.
- All packaging units shall be labelled, and the label shall include or visual signed outside directly as a minimum: Quantity, supplier name, lot traceability number and date.

Supplier must ensure the packaging is sufficiently robust to withstand shipment by truck, rail, plane, and ship.

4 Delivery Requirements

4.1 Boarding Notice

Strip Tinning requires suppliers to issue a shipment notice at least one business day prior to the delivery date to expedite receipt and to avoid delays in the material unloading process, which must contain the following information:

- Date and place of delivery.



Arden Business Park
Arden Road
Birmingham B45 0JA
United Kingdom
+44 (0)121 457 7675

- Amount to be delivered.
- Transportation company name.
-

Shipment notices should be sent the purchasing area, considering the following:

- The deadline is the date the material will be received and not the date of the invoice issue.
- Delays and / or anticipations must be reported to Strip Tinning through the purchasing department for the delivery rescheduling and establishment of the new date of receipt.

END