Supplier Quality Requirements Manual

QM-003

Revision L

Supplier Acknowledgement of Receipt Form

We have received the Autosplice Supplier Quality Manual and understand Autosplice'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 Autosplice within 15 days of receipt to:

Attn: Supplier Quality Engineer/Purchasing Buyer
Autosplice
10121 Barnes Canyon Road
San Diego, CA 92121

Or by contact email.

CHANGE HISTORY

Revisio	Description of revision	Originator/Date
A	Initial release – ECN 15902	R. McIntire
B	Extensively revised – ECN 17053	P. Sweeney
C	Revised to incorporate PPAP 3rd 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

Table of Contents

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 ISO/TS-16949: Particular requirements for the application of ISO 9001-2000 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 (From 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/suppliers

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/suppliers

Printed copies are uncontrolled documents. While Autosplice will communicate to the suppliers major revisions to this manual, the 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 will 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 order, Engineering or technical issues are requirements. Quality issues will be handled by quality. 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 is the only valid version.

8. NEW SUPPLIER'S

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

- Suppliers shall have a quality system registered to ISO-9000 or ISO/TS-16949 by an accredited third party registration body, or 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) and provide CQI-11 self assessment, it can be found at: www.autosplice.com/suppliers

9. SUPPLIER CLASSIFICATIONS

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

- **Certified Supplier** – Maintenance of this rating requires a Delivery and Quality rating of 90-100% overall**.** Certified suppliers will always be selected for new business opportunities unless there is a compelling reason to choose otherwise.
- **Preferred Supplier** –Maintenance of this rating requires a Delivery and Quality rating of **80-89.9%** overall**.** Preferred Suppliers are eligible to bid/quote on any new business.
- **Standard Supplier** - Maintenance of this rating requires a Delivery and Quality rating of 70-79.9%**.** Standard Suppliers are eligible to bid/quote on any new business after follow SCAR procedure (ref section 4.- point 25 of this document).
- **Substandard Supplier** - Maintenance of this rating requires a Delivery and Quality less 70%**. Substandard Suppliers are not eligible to bid/quote on any new business, should 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 3rd party body to the requirements of ISO 9000 or TS-16949. Examples of Class 1 products are Wire used in making pins, Terminals used in header assemblies, FR4 material used for making headers, outsourced processes etc.

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. Examples of Class 2 products are castings, machined parts, housings, plates, etc.

Class 3

This level of product is typically purchased from catalogs. Class 3 materials are assembled into Autosplice equipment intended for resale to customers. Examples of Class 3 materials are common hardware, standard motors, bearings, etc.

Class 4

This level of product is not used in the direct manufacture of products or equipment intended for resale to customers. Examples of Class 4 materials are lubricating oils, office supplies, etc.

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 production material if assigned a customer specific part number.

11. QUALITY SYSTEM REQUIREMENTS

Autosplice requires that all suppliers of class 1 materials have a quality system registered to ISO-9000or ISO/TS-16949 by an accredited third party registration body. Autosplice requirements and justification for such suppliers to be added to the Autosplice 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 ISO-9000..

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/.

SUPPLIER QUALITY SURVEY

Autosplice requires a completed Supplier Quality Survey (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 Autosplice Plating Supplier Survey (Autosplice Form 93-0504). These forms can be obtained on the Autosplice website.

SUPPLIER AUDITS/ASSESSMENTS

When necessary, Autosplice's customer or an authorized customer representative shall be afforded the right to verify that product conforms to Autosplice purchase order requirements at the supplier's facility. Autosplice personnel may accompany Autosplice customers or authorized customer representatives.

- When required, Autosplice may conduct quality system, and/or product assessments at the supplier's facility. The Autosplice representative that will be conducting the assessment will coordinate these assessments with the supplier.

SECTION II – SUPPLIER RATINGS / IMPROVEMENT PROGRAM

12. SUPPLIER RATING SYSTEM

Autosplice designated Key Suppliers will receive quarterly performance report cards from Autosplice indicating Delivery and Quality performance. Supplier performance ratings are usually issued via email by the end of the following month for the previous quarter. A poor performance score is used both as part of future sourcing decisions and also to focus continuous improvement efforts. Performance report cards include:

Delivery Rating

Calculated by dividing the number of line items received early or 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 : % of # lines received late (3 days after required date) divided on the # of lines received during the month.

Premium Freight: See procedure WI-4.6-5. (# of events paid by Autosplice when vendor didn't ship on time to meet our requested date)
Customer Disruption: (# of events where customer presented production line down situation due to vendor late deliveries)

Autosplice Sales: (# of 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 Acceptace 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 (SCARs): 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.

13. A/S SUPPLIER IMPROVEMENT PROGRAM (SIP)

Autosplice understands that our suppliers play an integral part in maximizing our customer's satisfaction. Because suppliers play such an integral part of Autosplices success, Autosplice has developed a supplier improvement program. Suppliers can be placed on this improvement program because of quality and or delivery performance or simply because the supplier has been identified as a supplier that requires development. SIP details can be found in WI-4.6-15 – supplier improvement program.

14. 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.

SECTION III – QUALITY REQUIREMENTS

15. 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 PPAPs or First Article inspection reports as specified on the Purchase Order.

For non-PPAP items, a First Article Inspection of one piece from each cavity or die 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.

Ongoing deliveries following rate production approval

Autosplice requires that Material Certifications be included in every shipment. Test Results and Process Performance Data, is to be submitted as specified on the drawing or purchase order. Autosplice expects for the supplier to generate and maintain all inspection data for all production runs. Autosplice can request this data as needed.

16. 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 50 samples. The results of the study must indicate a minimum process performance index (ppk) of 1.67 or greater. Evidence must be submitted prior to obtaining initial rate production approval.

Special Characteristic; the diamond symbol ◊ 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 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 maintain an on-going process capability index (Cpk) of 1.33 or greater for all Critical Dimensions.

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.

17. 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.

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

Note: June 1, 2006; the 4th edition of the AIAG PPAP Manual is the resource for all PPAP documents.

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 Autosplice 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. Autosplice 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 Autosplice Manufacturing Engineer that has been working with the supplier on this project.

18. Temporary Deviation Request

Shipment of nonconforming product to Autosplice requires an approved Temporary Deviation Request (Form 93-0087). The supplier must affix a copy of the Autosplice 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.

19. SUPPLIER REQUEST FOR CHANGE

Once Autosplice approves a PPAP or a First Article, the supplier must obtain Autosplice approval prior to making any changes. Suppliers shall submit a written request for product or process change and obtain Autosplice approval prior to implementing the change. Suppliers are to submit form ***93-0423 - Supplier Request for Change*****,** to Autosplice, Attention: Supplier Quality. Supplier Request for Change may take Autosplice 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 Autosplice**. VERBAL REQUESTS WILL NOT BE ACCEPTED.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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 REQURIEMENTS

25. 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.

26. 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 with in 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. .

27. 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.

28. 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.

29. 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.

30. 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

31. 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 or up to 3 working days early as being on time. Care should be exercised when quoting delivery dates.

32. 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.

33. 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

:

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

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 Autosplice 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

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

5 – Long term plan to prevent any reoccurrence

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.

6 – Respondent Name:

Initial Disposition **Date:** **Closure:**	**R**

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

8 - Verification: **Date:**	**Method of Verification/Reason rejected:**

: **Date:** **Defect Code**:

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
D-1 Define concern, organize and plan What is the problem topic and the objectives? Who do we need to work on the problem?			
D-2 Describe opportunity/problem Does the problem description identify what is wrong with what? Does in 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?			
D-3 Contain The Problem: 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?			
D-4 Identify and verify root cause: 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)?			
D-5 Develop corrective action plan: 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?			
D-6 Disposition Was the corrective action taken completed? Closure/Reject			
D-7 Prevent recurrence: 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?			
D-8 Implement and verify corrective action: 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?			

GLOSSARY

Term	Definition
APQP	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.
AIAG	Automotive Industry Action Group. A North American automotive organization, which publishes standards.
Cpk	The capability index for a stable process.
CR	Cost Recovery.
CS	Controlled Shipping.
DFMEA	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
PFMEA	Process Failure Modes Effects Analysis. A team process that identifies and controls potential failures before the product goes into production.
PPAP	Production Part Approval Process. A defined process for the validation of new materials and subsequent process changes.
Ppk	The performance index of a process. Normally used as part of the PPAP process.
SCAR	Supplier Corrective Action Request.