



Supplier Quality Manual

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1.0 Introduction

SRG Global's success is based on supplying high quality, high performance products at a competitive price to our customers. Our suppliers are a key element in achieving and maintaining this high standard of performance. We consider our suppliers an important part of the SRG Global Team. SRG Global strives to develop and maintain positive working relationships with all of our suppliers.

This document sets out and defines SRG Global's expectations of our suppliers. As a supplier to SRG Global, you agree to conform to the quality system guidelines in this document.

Exceptions to these guidelines must be agreed to in writing by an authorized officer of SRG Global.

This Manual and SRG Global's [General Terms and Conditions of Purchase](http://WWW.SRGGLOBALINC.COM) are available on the SRG Global website (WWW.SRGGLOBALINC.COM). In this document, "you" or "your" relates to the supplier and "we" or "us" relates to SRG Global.

2.0 Quality Systems Requirements

All suppliers of products and services provided to SRG Global that affect customer requirements must be, at a minimum, ISO 9001:2000 certified with the goal of conforming to TS 16949. In the event that the supplier is not certified, SRG Global will place the supplier on "New Business Hold" and will replace the supplier with a certified supplier that meets all of SRG Global's requirements.

Your quality manuals and overall quality systems will conform to ISO 9001:2000/TS 16949 standards. SRG Global reserves the right to require more specific component requirements from its suppliers.

Suppliers providing SRG Global with heat treated, plated or coated product / material shall meet the requirements of the AIAG CQI- 9, 11,12 Heat Treat, Plating and Coating System Assessments. Records of these assessments including any corrective actions required for compliance shall be maintained and made available upon request by SRG Global.

You must submit the attached supplier information sheet to SRG Global's purchasing group, including a 24-hour contact list, prior to supplying product. The 24-hour contact list must include the names of personnel authorized to make decisions and take direct action on behalf of the supplier for quality or delivery issues. You must update the list when you make personnel changes and provide it to the SRG Global purchasing group.

3.0 Quality Performance

You must provide parts and services that have zero defects and result in zero claims. SRG Global will rate its suppliers on PPM, rejections, on-time delivery, and control shipping level one or two. Your quality performance will be taken into



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consideration when we make sourcing decisions. Required PPM levels are: Green: 0-50, Yellow: 51-249 and Red: 250 or greater.

4.0 Code of Ethics

SRG Global and its employees are not allowed to accept any gifts, gratuities, or benefits from suppliers beyond normal business practices or local customs not to exceed \$50 USD of value. During the holiday periods SRG Global facilities or corporate offices will not accept any gifts or goods from a supplier. If you would like to provide a gift to a SRG Global employee, we request that you make a donation in that person's name to an appropriate charity.

If a SRG Global employee requests a gift item from you, please report this request to our Vice President of Purchasing.

5.0 Advanced Product Quality Planning

You will utilize the planning procedures and techniques provided in the most current *AIAG Advanced Product Quality Planning and Control Plan* reference manual. You will be asked to supply data at regular intervals prior to PPAP in order to conform to SRG Global's APQP Gate Process.

6.0 SRG Global Access to Supplier Facility

Upon 24 hours notice, you must allow us and our customers to have an on-site review of all processes, including those of sub-suppliers and sub-contractors if specified in the notice.

7.0 Production Part Approval Process

Requirements and Expectations

You will conform to all requirements defined in the *AIAG PPAP Manual, Latest Revision*, in addition to SRG Global's specific requirements. All PPAP's must be submitted electronically and utilize the SRG Global PPAP checklist.

At a minimum any parts shipped to a SRG Global facility must have the following:

1. Warrant
2. Dimensional layout
3. Material test data and Material Certifications
4. Evidence of IMDS compliance and Certificate of Origin

The PPAP level required will be determined by SRG Global Supplier Quality and Purchasing. Level 3 is the default level unless specified otherwise in writing by SRG Global Supplier Quality.

As a supplier of product and/or service that effects customer requirements, you will ensure that all of your sub-suppliers meet all requirements of the latest revision of

the AIAG PPAP Manual. SRG Global reserves the right to request inclusion of the sub supplier's PPAP within the supplier's PPAP submission.

Any modifications after PPAP to part, process or facility must be communicated and approved in writing by SRG Global Corporate Purchasing and Supplier Quality prior to commencement of activity. The activity must include resubmission of PPAP.

All PPAP packages must be submitted electronically via email or on CD ROM.

Bulk Material

Requirements for bulk material PPAPs are as follows:

1. Bulk Materials include, but are not limited to the following:
 - a. Adhesives and sealants – solders, elastomers
 - b. Chemicals – resins, polishes, additives, treatments, colors
 - c. Coating – topcoats, undercoats, primers, phosphates
 - d. Film and film laminates
 - e. Ferrous and non-ferrous metals – bulk steel, aluminum, coils, ingots
 - f. Monomers, pre-polymers and polymers – rubber, plastic, resin
2. PPAP submission and approval is required for:
 - a. Bulk material processing technologies that are new to suppliers and that have not been previously used for this application
 - b. Suppliers that are starting to sell a new product for a new application
 - c. Any change that would normally be expected to have an effect on the part and material formulation
3. Requirements: The Bulk Materials Requirements Checklist must be utilized.
4. In addition to the above PPAP requirements, SRG Global expects its suppliers to provide the following data with every shipment:
 - a. Material certifications tested per required specifications
 - b. Color plaques or numeric color values, if applicable
 - c. On-going SPC data, if specified

8.0 Revalidation and Certification

Annual Revalidation

SRG Global requires you to revalidate supplied parts and material annually.

Revalidation will consist of the following:

- a. Dimensional layout (all characteristics on the current print)
- b. Performance testing

- c. Measurement system analysis
- d. Update of any SRG Global specific requirements

The supplier will retain records of the annual revalidation, which will be made available to SRG Global within 24 hours upon request.

Material Certification

The supplier will provide evidence of material certification (conformance to specification) with each lot/batch or shipment to the receiving SRG Global facility. In some cases, the supplier may be asked to participate in “pre-certification” approval processes prior to actual shipment.

The certification documentation may be faxed or included with the shipping documentation and addressed to the attention of the appropriate plant personnel.

9.0 Statistical Process Control

If requested, the supplier will provide evidence of control and on-going capability as required for submittal at PPAP revalidation. SPC monitoring is required where applicable for prototype, preproduction trial runs, PPAP and continuous improvement monitoring. Minimum capability values are Ppk/Cpk of 1.67 for the pre-production trial runs and Ppk/Cpk 1.33 for PPAP.

Evidence of control and on-going capability may be required for submittal on a regular basis.

10.0 Nonconforming Product

In the event that you supply product that SRG Global believes is nonconforming (all products shipped past an interim date or without full PPAP approval are considered nonconforming), you will be responsible for the nonconforming product and subject to the following actions:

1. We can return the entire lot of product, or any portion thereof, to you at your sole cost. You will refund us for the cost of the product or replace it with conforming product free of charge at SRG Global’s sole option. (This is only applicable if there is adequate stock to maintain production until certified product is available.)
2. You will sort the product at our facility within the timeframe specified by us to identify conforming product that we can consume to maintain production.
3. In the event you are unable or unwilling to sort product within twenty-four hours (unless specified otherwise), we will have the option to:
 - i. sort the product for \$120 per hour, or

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- ii. have the product sorted by an impartial third party approved by us. You will pay all of the third party sorting company fees
- iii. charge a \$500 administrative/manpower fee (a one time fee applied to either of the above charges).

In the event that the nonconforming product is found at a SRG Global customer location, you will be responsible for any sorting costs in addition to any charge-backs incurred by SRG Global from its customer. In addition, we reserve the right to debit any warranty charges incurred for defects caused by your nonconforming product. These charges may include, but are not limited to, transportation costs for return materials, evaluation costs incurred by SRG Global personnel, dealer markup, and any punitive costs incurred from SRG Global's customer. You will also be expected to support customer-designated meetings to resolve warranty issues related to your product.

The remedies listed in this document for nonconforming product are not meant to be exclusive and, in addition to those remedies or actions set forth in this document, SRG Global shall have the right to seek all other remedies, either in law or by contract, available to it to address nonconforming product.

10.1 Containment and Corrective Action

You will take all necessary actions to contain and correct the nonconformity both in-house and at the SRG Global location. This may include, at a minimum, sorting and/or rework. Supplier is responsible for shipping costs for returned material and the cost of replacement of material. All products shipped past an interim date or without full PPAP approval are considered nonconforming.

10.2 Controlled Shipping

The standard guidelines for implementation of controlled shipping take into consideration one or more of the following:

- Inadequate containment and/or resolution of nonconformance via corrective actions.
- Untimely responsiveness for a nonconformance via corrective actions.
- Repeat corrective action requests from one or multiple SRG Global plants.
- Incapable processes.
- SRG Global customer quality rejection due to a supplier component.

Two levels of controlled shipping exist:

- a) Level 1 controlled shipping is defined as an additional 100% inspection process after final inspection in a separate inspection area. Your employees at your location will complete the sort in order to make sure SRG Global does not receive nonconforming parts/material. You must communicate the containment results daily to us.

- b) Level 2 controlled shipping is the same activity but the “person(s) performing the sort” must be employees of an impartial third party. We must approve the sort company that you select. You will pay all of the third party sorting company fees. The Level 2 containment may take place anywhere throughout the supply chain as designated by SRG Global. Level 2 containment is in addition to the Level 1 requirements already put in place. Notification to supplier’s quality registrar will take place with request for re-audit of supplier’s systems. You must communicate the containment results daily to us.

We will notify you in writing of the controlled shipping level exit criteria.

If you are placed on a customer special status (e.g., GM CSII, Ford Q-1 revocation) for quality / delivery spills with product that is shipped to customers other than SRG Global, you are required to still notify SRG Global Supplier Quality of the customer special status.

11.0 Supplier Corrective Action Reports

You are required to respond to an online SCAR (Supplier Corrective Action Reporting) System.

This report will be forwarded with supporting documentation to the requestor within 5 working days of the occurrence. Initial response for containment must be within 24 hours.

If we do not find the report acceptable, you will address all issues identified by the requestor and resubmit by the original deadline provided. Lack of proper response will affect your quality rating and sourcing of new business with us.



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12.0 Delivery

12.1 Releases

We will communicate quantity and delivery requirements to suppliers using procurement releases or SRM.

In the event of a change in release, you will request and receive a copy of the updated release from the appropriate SRG Global facility. Failure to comply may result in a negative impact to delivery performance.

12.2 Quantities

You will ship purchased components and services to the exact quantity per the release. Bulk material quantities will be within 5% of the requirement indicated per the release.

You must immediately contact the receiving SRG Global plant in the event that a required quantity cannot be met.

12.3 On-Time Delivery

The expectation for delivery is 100% on-time.

12.4 Advance Shipping Notice

If required by SRG Global, the supplier will forward (by Fax or EDI) an Advance Shipping Notice (ASN) to the receiving SRG Global facility.

12.5 Excess Freight Charges

If we incur excess freight charges due to the fault of the supplier, the supplier will be responsible for these excess charges.

You are responsible for the freight when multiple shipments are required due to your inability to meet our production schedule.

12.6 Hazardous Material

The supplier will annually provide a Material Safety Data Sheet (MSDS) to the SRG Global facility receiving any Hazardous Material or parts/components containing Hazardous Materials. All material classified as hazardous by local, state or central government regulations will be identified, documented, handled, packaged, and shipped as required by applicable laws, rules and regulations.

12.7 Packaging and Labeling

You will obtain packaging and labeling requirements and approvals from the receiving SRG Global facility. These requirements shall be included in the PPAP package and include photos as examples documented prior to PPAP approval. You are responsible for making sure that all shipments of Hazardous Materials or



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parts/components containing Hazardous Materials comply with U.S. Department of Transportation (DOT) Haz Mat laws, rules and regulations.

12.8 Import Requirements

All suppliers must be in compliance with US Customs regulations and the import and export laws and regulations of the United States and those of any other jurisdiction or country as may be applicable. Requirements include completion of annual NAFTA Certificate of Origin for all parts supplied, C-TPAT (Customs-Trade Partnership Against Terrorism) questionnaire, TSCA (Toxic Substance Control Act) certification and any other applicable laws or regulations.

The United States government requires that SRG Global and our suppliers utilize pallets that have been certified as having been constructed from wood that has been treated / fumigated. The pallets need to bear a seal, showing certification. The US requirement affects all inbound shipments into the United States. For more information visit the following web site <http://www.aphis.usda.gov/ppq/wpm/>.

12.9 Obsolescence

You must submit a claim to SRG Global within 10 business days from the final production shipment. Claims submitted after the 10 business days will not be accepted.

13.0 *Material Identification and Traceability*

You must be able to identify a specific lot or batch through all states of production, packaging and delivery. This must include any out-sourced operation. Injection molded product must have cavity identification.

You must also record the raw material/component lot/batch number assigned by the sub-supplier that is used to produce each specific lot/batch of final product.

The specific lot/batch number will be recorded on all documentation pertaining to the delivered product. This documentation will include, at a minimum:

- Raw material lot number
- Production log
- Control charts
- Traveler tags
- Job set-up sheet
- Inspection/testing methods
- Traveler tags

14.0 *Purchased Products and Services (Sub-suppliers)*

The use of customer designated subcontractors does not relieve the supplier of the responsibility of ensuring the quality of subcontracted parts, materials and services. This may include:

- Product Containment Levels 1 and 2
- Designation of Registration Requirements
- Increased inspection methods

15.0 Tooling and Equipment

Detailed tooling and equipment drawings, including processing parameters and list of perishable tooling, must be provided for all SRG Global funded investments.

In order to receive payment, a copy of the tooling drawings / pictures must be provided to SRG Global. Also our purchase order and approved sample submission paperwork, complete with our full approval signature must be attached to your invoice. In addition, the following statement must appear on your invoice: "The tools included in this invoice have been stamped or stenciled with a tool number and our part number & are clearly labeled; "Property of SRG Global."

SRG Global funded investments must permanently be identified and readily visible with the following information; "Property of SRG Global" and "Part Number xxx." All PPAP's must include digital photos as evidence of the above requirements.

All Tools considered "Production Tools" are required to meet the quoted run rate at 100% efficiency. Parts must pass a 1000 consecutive piece run with capable R&R and dimensional data.

Tooling and equipment purchased by SRG Global must be kept in suitable condition to produce product capable to meet all specifications as defined in the approved PPAP. Tooling and Equipment maintenance records must be maintained and be available upon request from SRG Global.

The right, title and interest to all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, designs, drawings, gages, specifications, spare parts, trial parts, ancillary products, or items owned by SRG Global (or by its customer) and other items furnished by SRG Global (or by its customer) ("Bailed Tools") to supplier for use in manufacturing the goods, or for which supplier is reimbursed by SRG Global (or its customer), shall be and remain the property of SRG Global (or its customer). In the event that SRG Global issues a Tooling Purchase Order, all right, title, and interest in and to any part of the Tooling, including any and all supplies, materials, tools, jigs, dies, gauges, fixtures, molds, patterns, equipment, designs, drawings, specifications, spare parts, trial parts and ancillary products, shall pass to SRG Global as soon as it is acquired or fabricated in accordance with a Tooling Purchase Order or other written documentation issued by SRG Global ("SRG Global-owned Tooling", together with Bailed Tools are collectively referred to herein as "Tools"). During the term of a Purchase Order, all Tools in the possession of supplier shall be deemed to be bailed property and shall not be deemed to be a fixture or a part of supplier's real property. Supplier shall bear the risk of loss of and damage to SRG Global's property, including but not limited to any Tools.



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“Attachment A”

Supplier Contact List	
Supplier Name	
DUNS Number	
Mailing Address	
Manufacturing Address	

Contact	Name	Position	Phone	Fax	Cell	Email
Customer						
Primary						
Secondary						
Scheduling						
Primary						
Secondary						
Shipping						
Primary						
Secondary						
Quality						
Primary						
Secondary						
Engineering						
Primary						
Secondary						
After Hours						
Primary						
Secondary						
Management						
Primary						
Secondary						