Supplier Quality Manual

“Integrity, Excellence, Service”

Approved By:

Brennan Perez

Brennan Perez
Director of Quality

Scott Grenert

Scott Grenert
Vice President of Purchasing

Dear Supplier,

This is the Small Parts, Incorporated (SPI) Supplier Quality Manual which contains our guidelines and requirements concerning our quality expectations. It is intended to aid our Supply Base in ensuring the quality of parts, materials and services purchased by SPI meet or exceed our expectations.

We ask that the appropriate personnel within your organization review this manual, complete, and return the “Supplier Quality Manual Acknowledgement of Receipt” and abide by the requirements set within.

If you should have any questions, please contact your SPI Plant Quality Manager or Corporate Quality for assistance. We appreciate your support and commitment to provide SPI with quality parts, materials, and services in a timely and professional manner.

Sincerely,

Brennan Perez

Brennan Perez
Director of Quality

Small Parts, Inc.
Corporate Headquarters
600 Humphrey Street
Logansport, IN 46947 USA

Supplier Quality Manual
Acknowledgement of Receipt

Please complete this form and return a signed copy to SPI via e-mail within one (1) week of receipt.

Sections

1. Introduction
2. Quality Control Requirements
3. Non-Conforming Product
4. PPAP Requirements
5. Supplier Evaluations and Assessments
6. Quality Standards
7. Supplier Production/Process Change Control
8. Supplier Problem Reports and Corrective Action Requests
9. Supplier Performance
10. ISO 14001 Environmental System
11. Cost Recovery
12. Incoming Material Control

Supplier Name: _____

Supplier Address: _____

_____

_____

Supplier Phone Number (include area code): _____

Supplier email address: _____

All the sections of the SPI Supplier Quality Manual listed above have been received.

_____
Signature of Management Representative for Quality

_____
Signature of Management Representative for Sales

_____
Printed Name & Title of Management Representative for Quality

_____
Printed Name & Title of Management Representative Representative for Sales

_____
Date of Acknowledgement

_____
Date of Acknowledgement

1.0 INTRODUCTION

This Supplier Quality Manual (SQM) covers the continuing quality assurance and performance required of the Supplier for all supplies, services and parts ordered from the Supplier by Small Parts, Inc. (“SPI”)

All individuals involved in the development, production, and delivery of products or services must be fully aware of their critical contributions to ensuring product and service conformity, maintaining product safety, and upholding ethical standards. This awareness not only reinforces the integrity and quality of the offerings but also fosters a culture of responsibility and accountability. Recognizing the impact of their actions on overall safety and compliance is essential, as it ensures that ethical considerations are integrated into every decision, leading to enhanced consumer trust and organizational success.

1.1 Other Incorporated Agreements

These requirements are part of the purchasing agreement between SPI and the Supplier and is supplemental to any other purchasing terms and conditions. The terms hereof, together with the terms of any applicable Agreement for Purchase and Sale of Goods, specifications, warranty agreements, or other agreements are hereby, and will be, incorporated by reference into any Purchase Order or other agreement for purchase of raw material, goods, components and services sold by the Supplier to SPI, hereunder (the "Goods" and/or “Services”).

1.2 Purpose

SPI is in the business of manufacturing, assembling, and selling metal stampings and assemblies related thereto (the "Products"). The Supplier is in the business of providing “Goods” and/or “Services.” These requirements are intended to help ensure that the Goods, applicable services, and tooling meet specifications established by SPI’s purchase orders and/or agreements between SPI and the Supplier.

1.3 Application

This SQM is applicable to the Goods and/or Services which SPI orders from the Supplier for, or in connection with, the Products. **NO ACTION REQUIRED OF THE SUPPLIER OR TAKEN BY SPI HEREUNDER SHALL RELIEVE THE SUPPLIER OF THE RESPONSIBILITY TO PROVIDE GOODS OR SERVICES WHICH ARE IN COMPLIANCE WITH SPI’s PURCHASE ORDERS.**

2.0 QUALITY CONTROL REQUIREMENTS

2.1 General

For the Supplier to ensure the quality of the Goods and/or Services ordered by SPI, the Supplier shall establish and maintain a quality assurance and control system which clearly defines the functions and responsibilities of the various departments or divisions of the Supplier *(the "System").* The System shall include fully efficient processing, receiving, quality control, defect early detection method and rapid repair and trouble remedy function to back up the basic policy of "quality is built in during each manufacturing or service process." Furthermore, the System must include a plan to prevent (a.) delivery of defective Goods and (b.) performance of inadequate or inappropriate Services to SPI.

2.1.1 QMS At a minimum, an ISO third party certified quality management system to ISO 9001 (or equivalent) is required. A plan and goal of achieving registration to ISO/IATF16949 is preferred. SPI reviews will include auditing for conformance to ISO requirements.
2.1.2 Special QMS Requirements – When applicable and communicated to the supplier such as CQI Special Process Assessments, NADCAP, or other customer specified QMS requirements.

2.2 Process Change Control

During the manufacturing process, whether because of a design change or otherwise, if a need for change to any material, component, equipment, die, tool mold or jig, or to any production sequence, process location change, product or services change, method or condition should develop, the Supplier must notify SPI of the need and reason for the change, obtain acknowledgement of the change and submit the first production Goods as samples to receive SPI’s approval prior to starting full production under the changed process. Refer to

Section 7.0 of this manual for more details regarding change control details. The procedure for submitting the first production samples for approval shall comply with Section 4.0 PPAP Requirements.

2.2.1 Inspection after Setup Change

Whenever a change in setup is made to any die or jig during production, a special inspection or test of those conditions which may be affected by the change shall be performed by the Supplier to assure that the Goods will continue to maintain the specification applicable thereto.

2.3 Shipment Identification

The Supplier shall, at minimum, display the following information on all shipping containers:

A. Supplier's Name

B. Part Name and Part No. (or other identification of the Goods), including Design Level (revision).

C. Quantity

D. Date of manufacture, processing, service, delivery, or the production lot number (by the method specified herein).

E. Delivery location

F. Any other information requested by SPI

** Barcode labels are preferred. Please contact Logistics or Corporate Purchasing to determine which barcode types may be used.*

2.4 Quality Verification

The Supplier is to maintain the following minimum requirements:

A. Material, dimensional or process certifications, (raw material, services, plating, coating, heat treatment, brazing etc.) for each order fulfilled. Detailed data and test results, as applicable, are to be available upon request.

B. Annual revalidation to the most recently approved design level (revision) for all critical aspects of the Goods or Service provided.
NOTE: All files are to remain on record for the life of the project and available upon request to SPI within (24) hours for the most current data (within six months) and 48 hours for records in storage (over six months).

3.0 NON-CONFORMING PRODUCT

3.1 Defects Discovered by Supplier

3.1.1 Supplier Responsible Defects

When any defect is discovered by the Supplier they shall, dependent upon the nature of the defect and upon applicable quality standards, inspect and test or segregate for the purpose of repair and disposal the entire production lot or all the Goods produced or processed on the same day, whichever is greater. When a defect in Goods is discovered or is suspected to be present in Goods delivered to SPI by the Supplier, SPI shall be notified immediately. The Supplier shall, at their expense, comply with remedial instructions as provided by SPI.

3.1.2 SPI Responsible Defects

When any defect is discovered by the Supplier, they shall segregate the suspect product and notify applicable SPI plant quality personnel for disposition. The Supplier shall comply with remedial instructions as provided by SPI.

3.1.3 Prevention of Counterfeit Parts

The Supplier shall not ship or use counterfeit parts, or materials, to SPI under any circumstances. Counterfeit Parts are an unauthorized copy, imitation, substitute, or modified part (e.g., material, part, component), which is knowingly misrepresented as a specified genuine part of an original or authorized manufacturer. Examples of a counterfeit part can include, but are not limited to, the false identification of marking or labeling, grade, serial number, date code, documentation, or performance characteristics. If counterfeit parts are shipped to SPI the supplier shall notify a Quality or Purchasing representative from SPI immediately.

3.2 Defects Discovered at SPI or Downstream Customer(s)

SPI maintains the right to return defective goods to the Supplier, at the Supplier's expense, if the defect is discovered at one of the SPI locations or downstream customer(s). The Supplier is responsible for the segregation of defective goods from the suspect production lots. If the Supplier performs any work at the SPI site, or alternative site, the Supplier will comply with SPI's instructions and safety requirements or the alternative site's instructions and safety requirements. The Supplier will affect any necessary and required segregation without delay and is responsible for all related costs. Related costs may include, but are not limited to, current rate per hour in USD for SPI sorting, any 3rd party sorting costs, costs incurred during SPI investigation, travel time and lodging, premium freight, or costs incurred by SPI's customer(s).

3.3 Requests for Defect Remedy

SPI may, if any defect relates to Goods designated as critical or is of a recurring nature or is deemed by SPI to be of sufficient importance to require such action, issue a request for defect remedy Problem Report to the Supplier. Upon receipt of this request the Supplier shall acknowledge the Problem Report and immediately begin an investigation to prevent recurrence, take remedial action (containment) within 24 hours, and submit a report in the specified format to SPI relating all pertinent findings and include all actions taken to correct and prevent the condition. Refer to Section 8 of this manual for more details on Supplier Problem Reports and Corrective Action Requests.

3.4 Reworked or Repaired Goods

The Supplier shall notify SPI prior to any work being performed to rework any goods. The Supplier shall obtain written approval from SPI prior to any work being performed to repair any goods. The Supplier warrants all reworked or repaired Goods against all defects as to quality, performance, and durability. Prior to delivery to SPI, all reworked or repaired goods shall undergo thorough inspection and testing relative to the effectiveness of the rework or repair. If any reworked or repaired Goods are beyond any applicable drawing or specification tolerance(s), the Supplier shall contact SPI to define the issue and request disposition for the reworked or repaired Goods.

Definitions:
Rework - Action on a nonconforming product or service to make it conform to the requirements.
Repair – Action on a nonconforming product or service to make it acceptable for the intended use.

3.5 Temporary Acceptance (Deviation)

If any defect is of such a nature that the Goods could potentially be used by SPI without rework or repair (and providing that the defect has no adverse effect on the durability, function, or performance of the Goods), the Supplier shall contact a SPI quality representative and request written approval and instructions from SPI to allow the deviated Goods to be released and shipped. If the request is approved, a deviation request form will be signed and returned to the Supplier. If the request is rejected, the signed copy stating the decision to reject will be returned to the Supplier. This circumstance shall be addressed as a temporary deviation only and does not constitute permanent change approval.

3.6 Disposition of Goods

If any defect is of such a nature that the Goods cannot be used by SPI, then SPI will notify the Supplier and SPI has the exclusive right to scrap out said Goods at the affected SPI location or return to the affected goods following the issuance of a Return Material Authorization (RMA) and to seek credit for said Goods from the Supplier. If samples are returned to the Supplier for evaluation, the Supplier will bear the cost for all shipping and handling charges.

4.0 PPAP REQUIREMENTS

4.1 Required Condition

In the case of the following conditions, or unless otherwise specified by SPI, the Supplier shall be required to submit Production Part Approval Process *(PPAP)* Documentation as outlined in the most

current revision of the AIAG PPAP Manual and APQP *(Advanced Product Quality Planning)* Manual to the assigned level as shown:

A. Initial processing or production of new goods - level 3
B. Initial processing or production after design or process change - level 2
C. Initial processing after equipment replacement, refurbishment or upgrade(s) or production after modification to production equipment, dies, molds, jigs, tools, etc. - level 2
D. Initial processing or production after process sequence change - level 2
E. Initial processing or production after change in the Supplier's location - level 2
F. Initial processing or production after changing a subcontractor - level 3
G. Initial production after a material change - level 2

Note: Unless otherwise specified, a minimum of (5) pieces are required for sampling and shall be per each cavity where applicable.

PPAP Level requirements may be amended with documented approval of an SPI quality representative.

4.2 Manufacture or Processing of the PPAP Parts

Samples of the Goods must be made at same location, with the same equipment, dies, tools, and jigs and under the same method and conditions as intended during mass production or processing. Any of these items or conditions which differ from the intended mass production or processing method(s) must have prior written approval from SPI's Corporate Purchasing Department. The initial samples of the Goods must comply with all specified requirements, and the Supplier warrants that it shall represent and provide assurance of the acceptable quality of the Goods which are intended to be provided to fulfill all subsequent orders.

4.3 Specification Conformance Inspection and Testing

The Supplier shall conduct inspections and tests on the PPAP samples of the Goods as evidence that they conform to all the requirements and conditions of all applicable drawings, specifications, purchase order requirements and quality standards. When this sample is provided from more than one die, machine, piece of equipment or process then inspections and testing must ensure the condition and acceptability for the respective conditions of all scenarios.

NOTE: SPI reserves the right to perform 3rd party testing / validation as confirmation of the Supplier's test results.

4.3.1 Lack of Laboratory Facility or Inability to Conduct Durability Test

The lack of a testing laboratory or a facility to conduct durability or other testing shall not exempt the Supplier from such testing of the Goods.

4.3.2 Non-Conformance

If the Supplier finds, after conducting inspection and testing of the first production sample of the Goods, that the sample does not conform to applicable drawings, specifications, purchase order requirements and quality standards, then SPI shall be notified, and a new sample shall be manufactured or processed under revised and documented conditions to attain conformity. All applicable documents including the control plan, PFMEA and work instructions shall be updated to capture and document the revised process.

4.4 Submitting the PPAP

After completion of the inspection and testing of the PPAP samples of the Goods in conformity with the applicable drawings, specifications, purchase order requirements and quality standards the Supplier shall submit the PPAP Documents, with samples where appropriate or required, to SPI's Quality Department for review and approval. The Supplier must obtain PPAP approval in advance of the first normal and subsequent production shipment unless the Supplier has been specifically directed to, or has obtained written approval allowing, the shipment of Goods prior to full approval from SPI Quality.

4.4.1 Items to be Submitted

The first production sample of the Goods will be accompanied by items listed per PPAP level (refer to 4.1).

4.4.2 Inspection of the PPAP Sample Conducted at Supplier's Plant

SPI may request to conduct inspection of the PPAP sample of the Goods and processes at the Supplier's location. SPI will notify the Supplier in advance of such visits in order that arrangements may be made to accommodate these activities. Under these circumstances, PPAP samples may be provided during the visit in accordance with the provisions of this Manual and need not be shipped to SPI.

4.4.3 Incomplete Laboratory and Durability Test

If laboratory or durability testing being conducted by the Supplier is not completed at the time the PPAP Documents and initial sample is to be submitted to SPI, then the Supplier shall notify SPI's Quality Department of the expected completion date of the testing. The Supplier shall not commence production or processing without first completing all the inspection and testing required by SPI except with prior written permission from SPI's Quality Department.

4.4.4 Identification of Sample Shipment

The Supplier shall identify the first sample shipment of the Goods or Goods produced after any change to normal production or processing per SPI instruction.

4.5 Evaluation of the PPAP Sample

The Supplier will receive written notification of the evaluation and approval status of the PPAP from SPI's Quality Department.

4.5.1 Approval

SPI's notification of approval of the PPAP is an indication that the Supplier has provided Goods or Services which will be acceptable to SPI but does not relieve the Supplier of its responsibility to deliver Goods and Services complying in all respects with applicable specifications and agreements. The Supplier may commence shipment of product upon receipt of PPAP approval.

4.5.2 Disapproval

SPI's notification of disapproval (PPAP Rejected) is an indication that the PPAP submitted by the Supplier and/or the sample of Goods does not conform to SPI's requirements. New or reworked samples of the Goods *(ref 3.4)* shall be submitted under the terms hereof and must be approved in advance of any normal production or processing unless otherwise agreed and approved by SPI (PPAP Interim Approval) and subsequent delivery shall be identified per SPI instruction.

4.5.3 Provisional Approval

SPI's provisional approval (PPAP Interim Approval) may be granted for a limited period or quantity prior to full approval and normal delivery. Goods which have been produced under provisional approval shall be finished and delivered within the limited period or quantity.

4.6 Deviation

The Supplier may request a deviation from the part drawing, specifications, purchase order requirements and quality standards at any time prior to PPAP. Refer to section 3.5 of this manual for instruction.

4.7 Storage of Records

The Supplier shall maintain inspection and test records of the quality of the first production run or process samples as specified in Section 2.4.

4.8 Initial Delivery after Approval of the First Production Sample

SPI may, at their discretion, subject any receipts of Goods after full approval to heightened scrutiny for a limited period of time or quantity to identify any unforeseen issues and protect our ultimate customer(s). Should any issues be found, SPI would contact the Supplier immediately to discuss details and determine any further actions, if/as required.

4.9 Special Sample

This SQM does not provide for special samples or other limited production or processing of Goods. Provisions and instructions for the manufacture and supply of special samples or other limited production or processing of Goods, if any, shall be provided by SPI to the supplier.

5.0 SUPPLIER EVALUATIONS AND ASSESSMENTS

5.1 Supplier Evaluation Acceptance and Second Party Auditing

SPI reserves the right to conduct on-site audits, which may include our customer and/or regulatory authorities, of the applicable areas and documentation at any level of the supply chain with prior notification.

The Supplier will accept SPI's evaluation relative to their compliance with this SQM.
Second-party audits may be conducted by SPI at any time for one or more of the following;

Need	2nd Party Audit Type	Frequency	Audit Scope
Risk analysis (*Including, safety or regulatory compliance)*	Process/System*	When required	Type specific
Performance issues identified through monitoring	Process/System*	(3) consecutive periods of poor performance	Performance related area
Loss or probation of third-party certification	System*	When required	QMS
Potential new supplier	System*	Prior to use	QMS
Process audit results	Process	When identified	Process specific
Product audit results	Process	When identified	Process and/or Product specific
Monitoring of the suppliers' process(es)	Process	As needed	Process specific

*Note: If the scope of the 2nd party audit is to assess the supplier quality management system, then the approach will be consistent with the automotive process approach, or the regulatory compliance of the industry served

Evaluations may also be conducted following conditions:

5.1.1 At the start of any new program to assure that the quality of the subsequent Goods will conform to the applicable specifications.

5.1.2 When any defect discovered during SPI's receiving inspection or thereafter is critical, or affects Goods designated as critical or when any defect is of frequent occurrence or is deemed by SPI to be of sufficient importance to require such action, or as follow-up on the results of a remedial action.

5.1.3 For periodic checks scheduled by SPI.

All supplier audits are documented and retained.

5.2 Correcting the Results of the Quality Evaluation

Any discrepancies found during SPI's evaluation shall be corrected by Supplier by the due dates communicated by SPI.

6.0 Quality Standards

6.1 A Quality Standard is a document that records an agreement between SPI and the supplier to clarify unclear issues on the drawing and highlight critical characteristics. Quality Standards must be in English and in the principal language of the country of where the supplier is located *(NOTE: you must also consider the primary language of the work force)*. It may also be used to indicate test or checking frequencies not included on drawings or in specifications. Quality Standards may also be used to clarify unspecified tolerances or record any other information that SPI and the Supplier agree is necessary to assure the perpetual conformance of the Goods.

6.2 It is the responsibility of the Supplier to maintain accurate records of all approved Quality Standards relative to their processes. These are records and are to be kept in a controlled manner. SPI shall also retain a copy of each Quality Standard for reference. The supplier must treat any approved Quality Standard the same as a part drawing, a specification, or a purchase order requirement. The contents of a Quality Standard are binding on the supplier and Goods received by SPI that do not conform to a Quality Standard may be rejected.

6.3 For requests relative to approved Goods or Services the Supplier may submit a request for Quality Standard to the SPI Quality Manager for review and approval. The request must contain complete details, including item number and revision level *(if applicable)*, for the Quality Standard requested as well as the date, printed name, signature, and authority of the Supplier representative making the request. Alternatively, SPI may generate the document and issue it to the supplier. Approval or denial will be on a case-by-case basis between SPI and the Supplier. Both parties must sign this document for a complete agreement.

6.4 Should a question or misunderstanding of the Quality Standard by one or both parties arise after the agreement has been finalized the document may be revised by either party. The document will then proceed through the approval process anew. This is a "live" document and changes may be made to it throughout the life of the program. Quality Standards should be reviewed at least once a year and/or at design changes impacting the Goods. Amendments of quality standards are not in effect until both SPI and the supplier have both been approved.

7.0 Supplier Production/Process Change Control

Over the life of a program changes in design, specification or processing may occur. This section describes SPI's expectations regarding a Supplier's responsibilities to communicate the need to change and further control the Goods produced after that change until full approval is attained (See section 3.5 Temporary Acceptance (Deviation) above for how to manage temporary process changes). The intent is to help ensure that SPI and its customers are protected during and after implementation of any changes that may impact the approved Goods. This expectation applies to all Goods and Services that are supplied to SPI which are part of a finished product.

7.1 Change Control Requirements

Suppliers are required to contact SPI in advance to obtain change approval any time there are permanent changes anticipated, planned, or required to any raw materials, equipment or processes that impact the Goods. Below are listed some examples of changes requiring control - this is not to be considered an exhaustive list.

7.1.1 Process Sequence Change: Any time the sequence of the process is changed or the change deviates from the control plan and/or process flow as contained within the originally approved PPAP documentation.

7.1.2 Equipment Change: When the machine or equipment used to produce the Goods or provide the service approved in the initial PPAP has been changed, has been repaired beyond routine and customary maintenance, or has been replaced (Machine examples may include, but are not limited to, stamping press, assembly line, injection or blow molding, forge press, etc. Process examples may include, but are not limited to, automated equipment, installation of a new line, replacement of an integral part of an existing line, etc.).

7.1.3 Tool / Jig / Fixture Change: When any of the primary or secondary tooling jigs are changed, potentially affecting the quality, function, appearance, or reliability of the Goods. (Jig and tool

examples: welding or assembly fixtures used in manufacturing process, cooling fixtures, sonic or heat welding, etc.)

7.1.4 Die or Mold Change: When any die or mold which is utilized in the manufacturing process to supply the Goods is replaced or changed, modification or touch-up of the die or mold affecting design dimensions or appearance, or a new die or mold is brought online.

7.1.5 Inspection Method Change: When inspection methods or frequencies are changed, or a change to a process result in improved quality or process performance. This may require a revision to the PPAP approved control plan and PFMEA, new or modified inspection equipment, and a change in measuring tools or measuring method.

7.1.6 Packaging Change: When a packaging change of the Goods deviates from the initially approved method, or that the change could adversely affect the quality of the Goods. Change in delivery method, packaging method, containers, bins**,** pallets, etc.

7.1.7 Products and Services Change: If there are any changes to products or services, the organization must notify SPI for approval. SPI will communicate necessary approval actions.

8.0 Supplier Problem Reports and Corrective Action Requests

SPI Supplier Problem Report may be used to notify suppliers of problems attributed to the supplier's process. These problems cause the Goods to be out of standard or render it unusable by SPI and or its end customer. The purpose of the Problem Report is to provide information enabling the Supplier to perform an analysis of the problem cause and to address the reported issue immediately.

Any time a Problem Report is issued reporting a non-conformance the Supplier is required to provide a response in a timely manner. The Initial Response & Containment Action(s) are required within 24 hours of receipt. Submission of root cause analysis and permanent corrective & preventative actions shall be submitted within 21 business days.

If a specific form is not provided by SPI, the Supplier may submit replies on AIAG 8D format or their own reply forms.

8.1 Problem Report Response Deadline Extensions In the event that the supplier does not submit their corrective action by the due date indicated, the original Problem Report may be re-issued and will impact the Supplier's Performance Report. If the due date for the response cannot be met, the supplier must contact the SPI Representative who issued the Problem Report prior to the due date. A new due date may be arranged provided the supplier is making a good faith effort to resolve the problem.

8.2 Countermeasure Verification Appropriate documentation must be provided validating the Supplier's countermeasures. After implementation of the corrective and preventive actions, SPI will confirm the effectiveness of the corrective action by appropriate methods which may include inspecting or testing of countermeasure parts, as appropriate.

NOTE: SPI may request to schedule an on-site evaluation to confirm the countermeasure.

9.0 Supplier Performance

A Supplier Performance Report is issued to Key suppliers on a Monthly basis, Critical suppliers on a Quarterly basis and all suppliers will receive an annual performance package. Site specific Quality Departments will issue these reports. Performance is based upon Delivery and Quality Performance. For poor performance in (3) consecutive months the Supplier shall provide an overall Improvement Plan to the applicable SPI quality representative.

9.1 Delivery Expectations

SPI's expectations for Supplier Delivery are that the Supplier will deliver each order on the date the order is due and in the quantity specified on the Purchase Order. Any orders delivered more than (3) days past the due date will be regarded as a missed shipment and the incident will impact the Supplier's Performance Report.

9.2 Supplier Performance Criteria

SPI's expectation for Supplier Performance is to strive for excellence, or a score of 80 points, in all areas as defined. The Supplier's performance will be evaluated using the following criteria:

Scorecard Example

Quality

	Max	Score	Data
Supplier PPM	20	20	0.00

Min	Max	Points
0	50	20
50.01	500	15
500.01	1000	10
1000.01	1500	5
1500.01	1000000	0

	Max	Score	Data
Problem Incidents	30	30	0.00

Min	Max	Points
0	0	30
1	1	20
2	2	15
3	3	10
4	99	0

	Max	Score	Data
Total	**50**	**50**	

Delivery

	Max	Score	Data
On Time Delivery Skip Weekends	30	30	100.00

Min	Max	Points
90	100	30
80	89.99	25
70	79.99	20
60	69.99	15
0	59.99	0

	Max	Score	Data
Total	**30**	**30**	
Total Score	**80**	**80**	

70 - 80 = Excellent
The Supplier complies with all requirements and is fully approved. This subcontractor will receive new requests for quotes and will retain their current business.

60 - 69 = Good
The Supplier is accepted but should work to improve their Score and may be required to submit a Corrective Action Plan for improvement to SPI Quality. The Supplier will receive new requests for quotes and will retain their current business.

50 – 59 = Moderate
The Supplier is accepted but must work to improve their Score and may be required to submit a Corrective Action Plan for improvement to SPI Quality. The Supplier may receive new requests for quotes and may be in danger of losing their current business.

40 – 49 = Poor
The Supplier is accepted but must work to improve their Score and must submit a Corrective Action Plan for improvement to SPI Quality. The Supplier will not receive new requests for quotes until their Corrective Action Plan is approved by SPI Quality.

< 39 = Unacceptable
The Supplier is performing at an unacceptable level. They must work to improve their Score and submit a Corrective Action Plan for improvement to SPI Quality. The Supplier will not receive new requests for quotes until their Corrective Action Plan is approved by SPI Quality. Continued poor performance without remedy will result in loss of business.

10.0 ISO 14001 Environmental System

SPI does not currently require their Supply Base to obtain or maintain certification to the ISO 14001 Environmental Management System however, we urge you to consider this initiative in your immediate and long-term planning activities.

10.1 If you are certified to an environmental standard, you are required to provide a copy of your Certificate to your SPI contact.

10.2 If any of the Goods or Services provided to SPI contain or use any hazardous chemical substances, you are required to furnish the proper SDS documentation and a IMDS submission may be required.

10.3 Annual Conflict Minerals reporting in accordance with the Dodd-Frank Act is required utilizing the most current revision of the CMRT format.

11.0 Cost Recovery

The Supplier may be charged for any costs associated with discrepant material received. Any sort or rework activities may be charged at an hourly rate and could include travel and transportation costs, if applicable. SPI may require third-party containment at the supplier's expense. Expenses and costs related to rejections received by SPI from their customers resulting from non-conforming Goods attributable to a failure in the Supplier's processes may also be considered for recovery.

12.0 Incoming Material Control

The Supplier shall ensure that all incoming Goods conform to the requirements specified in applicable specifications and documents. Incoming Goods may be withheld from use pending verification by one or a combination of the following methods:

- Receiving Inspection
- Quality Inspection, testing or other validation, as required
- Verification by SPI Production Process

All SPI Supplier in-process controls, inspection or test results and associated documents must be readily available for review by SPI.

12.1 Statutory and Regulatory Requirements:

All SPI Suppliers are responsible to ensure that purchased Goods and Services conform to current applicable statutory and regulatory requirements in the country where SPI purchased the products. Statements of country of origin and compliance with any relative standards are to be maintained and up to date and shall be provided to SPI upon request. Any relative Special Product/Process Characteristics must also be considered.

12.2 SPI Receiving Inspection

The following areas are inspected on all incoming Goods and an incident recorded when deficient, as applicable:

- Critical aspects and/or dimensions
- Correct quantity, correct packaging, and visual inspection for damage
- Complete paperwork
- Correct Lot Traceability

12.3 Zero Defects Policy

SPI has a Zero Defects policy. We will not accept any shipments containing nonconforming Goods unless accompanied by a formal approved deviation. Suppliers are required to monitor their own shipments to ensure an outgoing quality level of zero defects.

12.4 Certifications

All Goods and Services must be traceable to certificates of conformance or analysis and are to be provided at the time of shipment. Products received without proper certification will be rejected. Material will not be used, and payment may be withheld, until the certifications are received. Variable data is required on each certification to the extent possible and required by the applicable specification.

CHANGE RECORD

Revision Level	Item Changed	Date Changed	Changes	Approval
REL		1/22/18	Original release	Brenda Ward
A	Pages 1, 2, Sections 8 and 9	4/1/2021	Updated Purchasing Mgr. name, revised sec. 3.3 and 8 with Problem Report, sec. 9 performance reports and scorecard, supplier scorecard example to PLEX generated version.	Lisa Bayes
B	Page 8, Sec 5.1 Page 12, Sec 12, 13	3/1/22	Redefined 2nd Audit column Updated scorecard example to meet current process within PLEX and updated rating criteria to match PLEX.	Lisa Bayes
C	Page 12, Sec 12	4/21/22	Changed scorecard total score amount from 100 to 80.	Lisa Bayes
D	Footer, Cover, Pg. 2, Pg. 3, Pg. 4, Pg. 6, Pg. 7, Pg. 8, Pg. 10, Pg. 11	12/16/22	(F) Changed C to D; (C) Owner and authorizer name and position; (2) Clarified initial statement, corrected Corp. contact, name, and position; (3) Removed irrelevant requirement and email address, removed obsolete note, renamed Section 7, removed references to training and documentation; (4) Removed reference to IPP in 2.2.1; (6) Removed reference to IPP in 3.4, clarified statement in 3.5, clarified 4.1.1 and corrected responsibility; (7) Removed reference to IPP in 4.4.4; (8) Clarified 4.5 and changed responsibility, clarified statements and removed reference to IPP in 4.5.2, 4.5.3 and 4.8; (10) Renamed 7.0, clarified statements and removed reference to IPP in 7.0, 7.1 and 7.1.2; (11) Removed 7.2	Brenda Ward
E	Footer, Cover, Pg. 2, Pg. 4, Pg. 11	6/30/23	Cover & Pg.2 Replaced responsible employee name and title, Pg. 4 changed “Note” to 2.1.1 and 2.1.2, Pg. 11 Updated Performance Reporting requirements	T.Ervin
F	Pg1 & Pg2. 1.0, 2.4, 3.1.2, 3.1.3, 3.4, 3.6, 3.7, 4.6, 5.1, 5.2, 6.4, 7.1.7, 8.0, 9.0, 9.2, 13.4, 14.5	10/28/24	Revised ownership to Brennan P. & Scott G. Added statement for the supplier’s contributions to product conformity, product safety and upholding ethical standards (1.0). Eliminated electronic certs as preferred method of delivery (2.4). Broke out what to do in the event that defects are discovered by the supplier that are supplier responsibility vs. SPI responsibility (3.1.2). Added requirements for prevention of counterfeit parts (3.1.3). Changed requirement of requesting written approval from SPI to rework goods to notification (3.4). Added “return to the affected goods following the issuance of a Return Material Authorization (RMA)” (3.6). Eliminated (3.7). Eliminated the use of form EXTDEV001 for deviation requests (4.6). Added “SPI reserves the right to carry out on site audits, which may include our customer and/or regulatory authorities, of the applicable areas and documentation at any level of the supply chain with prior notification (5.1). Modified frequency for “performance issues identified through supplier monitoring” to 3 consecutive periods from 2 consecutive qtrs.”. Removed Supplier Quality Assurance Visits & Reports (formally 5.2). Added “Amendments of quality standards are not in effect until both SPI and the supplier have both approved.” (6.4). Added (7.1.7). Added that containment actions are required with 24	Brennan Perez, Scott Grenert, Esau Valles

			hours of problem reports being issued and added requirement for submission of root cause analysis and permanent corrective & preventative actions shall be submitted within 21 business days (8.0). Combined Delivery Expectations & Supplier Performance criteria sections with “Supplier Performance Section (9.0). Revised scorecard scoring (9.2). Removed “Change control” (formally 13.4). Removed Product Certification (formally 14.5)	

FORMS

1. (8.0) Supplier Corrective Action Request (SCAR)