



# Supplier Quality Manual

**“Integrity, Excellence, Service”**

**Approved By:**

*Tina Ervin*

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**Tina Ervin  
Director of Quality**

*Arnulfo Zepeda*

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**Arnulfo Zepeda  
Corp. Purchasing Manager**



## Supplier Quality Manual

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 expectation.

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,*

*Tina Ervin*

Tina Ervin  
Director of Quality

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



# Supplier Quality Manual

## 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.

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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



# Supplier Quality Manual

## 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")

### 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** As a minimum, an ISO third party certified quality management system (ISO 9001) with 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 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, 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. 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.  
*\*Electronic provision of Certificates is preferred. Please contact Corporate Purchasing for more details.*
- 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**

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 will be notified immediately. The Supplier shall, at their expense, comply with remedial instructions as provided by SPI.

### **3.2 Defects Discovered at SPI**

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. 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, the Supplier will comply with SPI's instructions and safety requirements. The Supplier will effect 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 3<sup>rd</sup> party sorting costs, costs incurred during SPI investigation, travel time and lodging.

### **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) without delay, 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.

### **3.4 Reworked or Repaired Goods**

The Supplier shall obtain written approval from SPI prior to any work being performed to rework and/or 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.

### **3.5 Temporary Acceptance**

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 SPI and request written approval and instructions from SPI to allow the defective Goods to be released and shipped. 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 and to seek credit for said Goods from the Supplier. In the event that samples are returned to the Supplier for evaluation, the Supplier will bear the cost for all shipping and handling charges.

### **3.7 Return Material Authorization (RMA)**

If a defect is reported to the Supplier and salvage or rework is feasible then the Supplier shall issue a RMA number to SPI for proper credit of the Goods to be returned.

## **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 is required for sampling and shall be per each cavity where applicable.**

#### **4.1.1 Required Condition**

PPAP Level requirements may be amended with documented approval of the SPI Corporate Supplier Quality Manager.

### **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, 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 it conforms 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 3<sup>rd</sup> party testing / validation as confirmation of the Suppliers 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 will 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 Corporate Purchasing 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, provision Goods prior to full approval from SPI Corporate Purchasing.

#### **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 any samples may be provided during the visit in accordance with the provisions of this COP 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 Corporate Purchasing 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 Corporate Purchasing 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 Corporate Supplier Quality Manager.

#### **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 production or processing 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 or during routine production or processing after PPAP approval. A External Deviation / Change Request (*EXTDEV001*) must be requested by the Supplier. For new Goods or Services, the request must be made to Corporate Purchasing and for approved Goods or Services, the request is made to SPI Quality. A form will be provided to the Supplier to complete and submit for review and approval. If the request is approved a signed copy will be returned to the Supplier. If the request is rejected the signed copy stating the decision to reject will be returned to the Supplier. Deviations are valid only for the specific timeframe or quantity stated within the approved request.

#### **4.7 Storage of Records**

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

#### **4.8 Initial Delivery after Approval of the First Production Sample**

The Supplier should expect that SPI may, at their discretion, subject any receipts of Goods after full approval to heightened scrutiny for a limited period 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 Goods. Provisions and instructions for the manufacture and supply of special samples or other limited production or processing 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**

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	2 <sup>nd</sup> Party Audit Type	Frequency	Audit Scope
Risk analysis ( <i>Including, safety or regulatory compliance</i> )	Process/System*	When required	Type specific
Performance issues identified through monitoring	Process/System*	(2) consecutive quarters of poor performance	Performance related area
Loss or probation of third-party certification	System*	When required	Area related
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 2<sup>nd</sup> party audit is to assess the supplier quality management system, then the approach will be consistent with the automotive process approach.

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 Supplier Quality Assurance Visits (SQAV) and Reports**

These surveys may be used by SPI for evaluating Supplier's business profile and are tailored to the type of process audited. (SQAV 5.2-C, G, H, M, P)

## **5.3 Correcting the Results of the Quality Evaluation**

Any discrepancies found during SPI's evaluation shall be corrected by Supplier without delay.

## **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 in order 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. For any new Goods or Services, the same information is required however the request shall be submitted to SPI Corporate Purchasing. 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.

## **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. 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 ultimately 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.

## **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 is expected within 24 hours of receipt. Completion of the response, including Prevention is expected by the due date provided unless an action plan with target date is submitted and approved by SPI.

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 Reports**

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. These reports will be issued by site specific Quality Departments. Performance is based upon Delivery and Quality Performance. For poor performance in (2) consecutive months the Supplier shall provide an overall Improvement Plan to SPI Corporate Purchasing.

**NOTE:** SPI may request to schedule an on-site evaluation or 2<sup>nd</sup> party audit to review the Supplier's processes and QMS because of poor performance results in (2) consecutive Quarters.

## **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 SPI Corporate Purchasing Department.

**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 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.

## 12.0 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	Min	Max	Points	20	20	0.00
	0	50	20			
	50.01	500	15			
	500.01	1000	10			
	1000.01	1500	5			
	1500.01	1000000	0			
Problem Incidents	Min	Max	Points	30	30	0.00
	0	0	30			
	1	1	20			
	2	2	15			
	3	3	10			
	4	99	0			
<b>Total</b>				<b>50</b>	<b>50</b>	
Delivery				Max	Score	Data
On Time Delivery Skip Weekends	Min	Max	Points	30	30	100.00
	90	100	30			
	80	89.99	25			
	70	79.99	20			
	60	69.99	15			
	0	59.99	0			
<b>Total</b>				<b>30</b>	<b>30</b>	
<b>Total Score</b>				<b>80</b>	<b>80</b>	

### 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% = Very 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 Corporate Purchasing. The Supplier will receive new requests for quotes and will retain their current business.

### 50 - 59 % = Good

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 Corporate Purchasing. The Supplier may receive new requests for quotes and may be in danger of losing their current business.

### 40 - 49% = Marginal

The Supplier is accepted but must work to improve their Score and must submit a Corrective Action Plan for improvement to SPI Corporate Purchasing. The Supplier will not receive new requests for quotes and their current business could be in jeopardy.

### < 39 % = Poor

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 Corporate Purchasing. The Supplier will not receive new requests for quotes and continued poor performance without remedy will result in loss of business.

## **13.0 Cost Recovery**

The Supplier may be charged an Administrative Fee for any 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.

## **14.0 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.

### **14.1 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 to 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.

### **14.2 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

### **14.3 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.

### **14.4 Change Control**

The Supplier is responsible to maintain the latest SPI supplied drawings along with process and/or material specifications. The Supplier should have a documented system that provides for the issue of all new or revised documents, the recall and replacement of those that are obsolete, and a system to evaluate compliance.

### **14.5 Product Certification**

Suppliers that provide raw materials such as strips, coils, bars, castings, forgings, etc., as well as those Suppliers of non-metallic Goods and Services such as heat-treatment, plating, coating, etc., and contract services such as calibration, etc., must supply certification for each purchase order fulfilled. Results of inspections related to the Goods or Services purchased must be documented to ensure conformance.

### **14.6 Certifications**

All Goods must be traceable to certifications 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 preferred on each certification to the extent possible and required by the applicable specification. Electronic delivery of certifications is encouraged and preferred – please contact Corporate Purchasing for electronic delivery details.

## 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 2 <sup>nd</sup> 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

## FORMS

1. (4.6) External Deviation / Change Request (EXTDEV001)
2. (5.2) SQAV 5.2-C, G, H, M, P (Component, Grind, Heat Treatment, Miscellaneous Product/Process, Plating/Coating)
3. (8.0) Supplier Corrective Action Request (SCAR)