

# Supplier Development and Quality Requirements Manual

## Specific Supplementary Requirements to IATF

Version C August, 2018

### Change Log

Date	Author	Nature of Revision	Version
01/20/1995	P. LeGrand	Creation	A
12/16/2002	F. Maury	Complete Revision	B
08/31/2018	D. Kurt	Complete Revision	C

# CONTENTS

<b>1.0 INTRODUCTION TO AKWEL</b>	<b>4</b>
<b>2.0 AKWEL QSE<sup>2</sup> POLICY</b>	<b>5</b>
<b>3.0 AKWEL PROCUREMENT POLICY</b>	<b>6</b>
<b>4.0 GENERAL</b>	<b>7</b>
4.1 LANGUAGE	7
4.2 SUPPLIER DEVELOPMENT AND QUALITY REQUIREMENTS MANUAL	7
4.3 APPLICATION	7
4.4 REFERENCES	7
4.5 SUPPLIER QUALITY MANAGEMENT SYSTEM	8
4.6 ENVIRONMENTAL CERTIFICATION	8
4.7 INSURANCE	9
4.8 ETHICS POLICY	9
4.9 FAIR LABOR STANDARDS	9
4.10 CONFIDENTIALITY	10
4.11 RISK ASSESSMENT	10
<b>5.0 NEW SUPPLIERS</b>	<b>11</b>
5.1 SUPPLIER INTEGRATION	11
5.2 SPECIAL SUPPLIER STATUS	11
5.3 RFQ & NOMINATION PROCESS	11
5.4 CONTRACTUAL DOCUMENTS	12
5.5 GOVERNING LAW	12
5.6 PRICING	12
<b>6.0 PRODUCT / PROCESS DEVELOPMENT</b>	<b>14</b>
6.1 PRODUCT DEVELOPMENT	14
6.2 CHANGE CONTROL	14
6.3 DETERMINATION OF REQUIREMENTS RELATED TO THE PRODUCT	14
6.4 DETERMINATION OF REQUIREMENTS RELATED TO THE PRODUCT	15
6.5 MANUFACTURING FEASIBILITY	15
6.6 CAPACITY	16
6.7 DESIGN AND DEVELOPMENT	16
6.8 PRODUCTION PART APPROVAL PROCESS (PPAP)	17
6.9 ANNUAL REVALIDATION	17
6.10 REQUEST FOR DEVIATION	17
6.11 DATA EXCHANGE	18
6.12 PROTOTYPES	18
6.13 REGULATORY CONFORMITY	18
6.14 AUTOMOTIVE PRODUCTS WITH EMBEDDED SOFTWARE	19
<b>7.0 MANUFACTURING &amp; SUPPLY CHAIN</b>	<b>20</b>
7.1 MATERIALS MANAGEMENT OPERATIONS GUIDELINE/LOGISTICS EVALUATION (MMOG/LE)	20
7.2 PRODUCTION SCHEDULING	20
7.3 PRODUCT TRACEABILITY	21
7.4 PACKAGING	21
7.5 LABELING	22

7.6	STORAGE & INVENTORY .....	23
7.7	SHIPPING DOCUMENTS .....	23
7.8	LOGISTICS PROTOCOL .....	24
7.9	PRODUCTION TOOLING .....	24
<b>8.0</b>	<b>QUALITY .....</b>	<b>25</b>
8.1	TREATMENT OF AN INCIDENT .....	25
8.2	8D METHODOLOGY .....	25
8.3	CONTROL OF NONCONFORMING PRODUCT .....	26
8.4	COSTS ARISING FROM AN INCIDENT .....	27
8.5	MEASUREMENT OF SUPPLIER PERFORMANCE .....	27
8.6	R0-R6 METHODOLOGY .....	28
<b>9.0</b>	<b>ADDITIONAL REQUIREMENTS .....</b>	<b>29</b>
9.1	ACCESS .....	29
9.2	CONTINGENCY PLANS .....	29
9.3	LABOR DISPUTES (NORTH AMERICA ONLY) .....	29
9.4	WARRANTY .....	29
9.5	CONTINUOUS IMPROVEMENT .....	30
9.6	END CUSTOMER EXPECTATIONS .....	30
	<b>APPENDIX 1 – PROJECT REVIEWS .....</b>	<b>31</b>
	<b>APPENDIX 2 – NORTH AMERICAN CUSTOMS DOCUMENTATION .....</b>	<b>32</b>
	<b>APPENDIX 3 – EU CUSTOMS DOCUMENTATION .....</b>	<b>33</b>
	<b>APPENDIX 4 – ASIA CUSTOMS DOCUMENTATION .....</b>	<b>34</b>
	<b>APPENDIX 5 – HEAT TREATMENT .....</b>	<b>35</b>
	<b>APPENDIX 6 – SPECIAL CHARACTERISTICS .....</b>	<b>36</b>
	<b>APPENDIX 7 – SUPPLIER CHANGE PROCESS .....</b>	<b>37</b>

## **1.0 INTRODUCTION TO AKWEL**

As a direct supplier to OEMs in the Automotive and Heavy Truck industries, the AKWEL Group offers world-class expertise in two main areas: Fluid Management and Mechanisms. Our global teams are driven, ambitious and focused on developing and implementing quality solutions that are innovative and reliable.

Since its foundation, AKWEL has been offering its customers the full benefit and extent of its industrial and technical competencies, as well as the capabilities of its supplier panel. This allows AKWEL to support all customers in a continuously evolving and increasingly global market place.

Our priority is to earn and maintain the complete satisfaction and trust of our customers. The achievement of this goal is imperative to securing the future and preserving the legacy of AKWEL as an independent, high quality, competitive supplier to the Automotive and Heavy Truck Industries.

## 2.0 AKWEL QSE<sup>2</sup> POLICY

AKWEL has always considered the quality of its products, the satisfaction of its customers, the safety of its employees and respect of the environment as the foundations of its industrial performance. These all go hand in hand. The integrated Quality Safety Environment Energy system (QSE<sup>2</sup>) rolled out for many years by the group is a concrete translation of this.

### **Safety, our absolute priority**

In keeping with our fundamental values of reliability, collaboration and performance, we have put safety at the very center of our processes. The Group's policy via the SMQSEE, the ethics charter and the anti-corruption code seeks to ensure compliance, globally, with the statutory requirements and the ethical rules in force, by means of objectives adjusted locally to the specific features of each of our sites.

### **Quality, a pillar of customer satisfaction**

Constantly seeking more reliable and more competitive solutions to offer our customers, we have made the quality of our products and of our solutions an inescapable fact. Since the outset, this has represented the cornerstone of the culture of performance and customer satisfaction which is the basis of the group's development. This requirement of excellence, present at all levels and on each site, is at the very heart of our business plan.

### **The environment and energy efficiency at the heart of our customer approach**

We offer innovative solutions or concepts aimed at providing responses to environmental issues (reductions, decontamination) and energy issues (localized production, recycling). Our approach then involves the eco-design of our parts (biopolymers, sustainable resources, materials from recycling) with a view to protecting biodiversity and ecosystems by reducing their environmental impact.

Our localized production strategy contributes to limiting the global environmental footprint and the impact of products on climate change, by reducing pollutant transport and logistics operations. But also by reducing energy expenditure, greenhouse gas emissions and the residuals of each of our plants.

And lastly, we are asking all our partners to join in this approach focused on protecting the environment and controlling energy use.

### **The QSE<sup>2</sup> management system, embodiment of a strategic vision**

The corporate system for quality management, safety and the environment which we roll out is a concrete translation of the group's strategy. This certified integrated system is applied to all our teams in their everyday work and emphasizes our requirement of adopting an exemplary approach.

Based on the 2S2D philosophy (Simple, Solid, Dependable and Do-able), this system brings together the best practices and tools developed by the company and guarantees that it will reach the level of performance expected by our customers worldwide. All in compliance with the international standards and regulations in force (ISO 9001, ISO 14001, ISO 45 001, ISO 50001 and IATF 16949) and within a perspective of continuous improvement.

## 3.0 AKWEL PROCUREMENT POLICY

Given the total volume of purchases in our field of activity, the procurement policy of the AKWEL Group has a fundamental bearing on our results. We have therefore developed a target panel of reliable international suppliers, who fulfill a range of demands:

### Quality

- Certification by a recognized authority or standard, preferably IATF16949
- Zero defects
- Respectful of commitments towards meeting set objectives
- 100% on time and approved PPAP on first submission
- Annually an objective letter is sent notifying the supplier of our quality targets for the year.

### Costs

- Always seeking justification
- Adhesion to productivity plan
- Transparency of costs

### Lead-time

- 100% delivery service rate in logistics (lead time and quantity)
- Respect planning

### Environment

- Enhanced environmental performance and fulfillment of compliance obligations
- Environmental protection approach including the prevention of pollution, sustainable use of resources, reducing emissions of greenhouse gases, protection ecosystems
- Consider a life cycle perspective in the determination and treatment of its environmental impact
- Willing approach towards sustainability, weight reduction and energy consumption

### Continuous improvement

- Self Assessments
- Performance reviews
- Ability to implement progress plans in anticipation of our needs

### Innovation

- Propose technological advances in products and processes

### Diversity

- In the United States, AKWEL is committed to pursuing a diverse supplier base that reflects the growth of minority, veteran-owned and women-owned businesses

## 4.0 GENERAL

### 4.1 LANGUAGE

The official language used by AKWEL is English for all forms of communication, including corporate and day-to-day operations.

### 4.2 SUPPLIER DEVELOPMENT AND QUALITY REQUIREMENTS MANUAL

This document shall be considered a supplement to, and is incorporated into, any existing or future supply agreements, purchase requirements, or contracts with the supplier. Acceptance of the purchase agreement (i.e. purchase order or contract) shall be considered as acceptance of the requirements of this document. This document, along with the requirements set forth in IATF16949 and OEMs Customer Specific Requirements, establishes the fundamental quality management system requirements that AKWEL and its subsidiaries has established for our suppliers. Additional requirements noted specifically on a contract, purchase order, drawing, or specification shall be complied with and will take precedence over the requirements stipulated by this document. **AKWEL will only waive these obligations with prior written authorization by authorized AKWEL personnel.**

This document has been developed as a supplement to the requirements of IATF16949. A reference to the “supplier organization” is that organization that supplies goods and services to AKWEL. In cases where no supplement by AKWEL is necessary, the specific clause, or sub clause, will not be referenced in this document. The objective is to provide requirements specific for AKWEL, as well as guidance to the supplier in the application of the requirements within IATF16949 to AKWEL as the customer. AKWEL’s specific requirements apply to all suppliers, regardless of third party registration to ISO9001 or IATF16949. Although AKWEL will make every attempt to notify suppliers, AKWEL reserves the right to revise this manual without prior notice.

### 4.3 APPLICATION

This manual is applicable to production and service part supplier sites that are providing:

- Parts, materials, or outside processing used in the manufacturing of the finished product
- Heat treating, painting, plating, or other finishing service, etc.
- Calibration

Depending upon the quality, strategic, or financial impact of the part, material or service, the buyer may require other suppliers not listed in the above commodities to comply with this manual. In such situations, the individual purchase agreement or contract will specify this requirement.

### 4.4 REFERENCES

The following are AIAG reference documents available at [www.AIAG.org](http://www.AIAG.org) that are to be used in conjunction with the requirements of this document and IATF16949.

- Product and processes should be developed meeting the requirements of the Advanced Product Quality Planning and Control Plan (APQP) Manual.
- Measurement systems should be evaluated using the guidelines established in the Measurement Systems Analysis (MSA) Manual.

- Statistical analysis should be conducted in accordance with the guidelines established in the Statistical Process Control (SPC) Manual.
- Sample approval and tooling payment can only be made if samples are submitted and documented in accordance with the requirements of the Production Part Approval Process (PPAP) Manual.
- Failure Mode and Effect Analysis shall be conducted in accordance with the guidelines established in the Potential Failure Mode and Effect Analysis (FMEA Manual).

## 4.5 SUPPLIER QUALITY MANAGEMENT SYSTEM

AKWEL shall require our suppliers of products and services to develop, implement and improve a quality management system certified to ISO9001, with the ultimate objective of supplier conformity with the IATF16949 Automotive AMS Standard. Conformity with ISO 9001 is the first step in achieving this goal. Suppliers will provide the AKWEL buyer with a copy of the registration certificate. The supplier organization shall report any significant change in registration status (i.e. probation) to the appropriate AKWEL buyer or Supplier Quality Engineer (SQE) in writing within 5 business days.

The appropriate AKWEL Buyer or Supplier Quality Engineer shall approve any deviation from this requirement.

To assess a Supplier's Quality System the supplier is required to submit a copy of their IATF16949 or ISO 9001 certification to provide evidence of their current registration. The supplier is also responsible to send a copy of the renewed or updated certificate when applicable. If, within three months after expiration of the ISO 9001 or IATF certification, the supplier has not provided an updated version of their quality certificate and/or an action plan, a mandatory incoming inspection will be implemented at the supplier's cost. This incoming inspection will be defined by the SQE, depending on the risks. A Process audit VDA 6.3 (2nd party audit) must also be done by a qualified AKWEL auditor. Suppliers that have any significant change in registration status (i.e. probation) will be placed on **Quality Containment Level II** (see section 8.3).

For those suppliers not registered with a 3rd Party Certification Body, the supplier will be required to undergo a process audit to VDA 6.3 by a qualified AKWEL auditor (SQE or SQE Manager) in order to validate the preservation of the said supplier in the panel. In addition, they must provide a detailed action plan outlining timing for required certification (IATF16949/ISO 9001). The supplier must complete the action plan, and return it to the Buyer within 15 working days. In the event of an on-site audit, the results of the audit will be reviewed with the supplier. If non-conformities are reported in the results, the supplier shall develop and submit to AKWEL, a time-line and action plan for the necessary corrective actions. This action plan must be submitted within two weeks of the reported audit results.

## 4.6 ENVIRONMENTAL CERTIFICATION

All suppliers to AKWEL are expected to provide evidence that they meet the requirements regarding registration to ISO 14001 upon request. In accordance with these customer requirements, it is the suppliers' responsibility to disclose in writing the environmental impact of their product and/or services. AKWEL encourages all other suppliers to seek compliance and registration to the ISO 14001 Environmental requirements.



## 4.7 INSURANCE

Supplier represents that it has and will maintain the following types of insurance to adequately perform its general business operations: Workers compensation insurance, general products liability insurance, automobile public liability insurance.

## 4.8 ETHICS POLICY

In the AKWEL Group, respect for each other, for contracts and for promises made, as well as honesty, good faith and trust are fundamental values that are essential for working together and necessary for the success of the Company.

Intimidation, blackmail, threats, violence, unwanted sexual attention and harm to the liberty or property of others are not acceptable.

Negotiation is a normal part of the business process, but it must respect the above rule. In order to be understood by all, contracts must be clear and simple, with no discourse or pointless clauses. There must be a condition of termination that is accepted by both parties.

We must buy from suppliers who respect our fundamental principles and the purchasing department must ensure that this is the case.

This pre-requisite being set, the AKWEL Group agrees to select suppliers solely according to objective criteria used to evaluate their actual or supposed contribution to the Company's goals.

The contract of employment demands that the employees always work in the interest of the Company. As a result, the company's employees are strictly forbidden from receiving, for the purposes of financial gain, "under the table" payments, bribes or large gifts from a supplier. Moreover the supplier would be violating the Company's principles and therefore preventing a working relationship.

The supplier is required to provide a signed copy of the AKWEL Code of Ethics or their own Ethical Standards to their respective AKWEL Buyer.

## 4.9 FAIR LABOR STANDARDS

The supplier agrees to comply with local & national laws regarding fair labor standards, including:

- The elimination of all forms of forced and compulsory labor.
  - By recognizing the principle of free-choice of labor, the supplier hereby provides the assurance that its company does not, and shall never, use forced or compulsory labor.
- The effective abolition of child labor
  - The supplier undertakes, on the one hand, to imperatively comply with all national standards relating to child labor and, on the other hand, also undertakes not to employ children under 16 years of age.
  - Moreover, it further undertakes to strictly comply with the provisions of the ILO Convention no. 138 on child labor for children aged between 15 and 18.

- Working hours
  - The supplier strictly complies with working hours, rest-time and periodic leave under conditions which are at least as favorable for its staff as those laid-down by national legislation or by the Collective Bargaining Agreements.

For Suppliers to North America, Suppliers must comply with the applicable requirements of the Fair Labor Standards Act, as amended, and of the regulations and order of the Department of Labor issued there under. Suppliers must certify that the goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor, issued under Section 14 thereof.

#### **4.10 CONFIDENTIALITY**

The supplier organization shall keep all confidential and proprietary information of AKWEL in strictest confidence, and shall not disclose or permit disclosure to others, or use for other than the purpose of supply under the terms of the purchase order. Supplier shall protect AKWEL's confidential and proprietary information using the same degree of care with which it protects its own confidential information. In no event, however, shall less than a reasonable degree of care be used. Depending on the nature of the program, the supplier organization may be asked to sign AKWEL's Nondisclosure and Confidentiality Agreement.

#### **4.11 RISK ASSESSMENT**

Along with the requirements from IATF16949, AKWEL requires its suppliers to have a risk assessment process in place to recognize and identify areas within the supply chain that could affect the ability to meet the organizations requirements in the event of a deviation from the normal business process. The risk assessment should be available for review upon AKWEL's request.

## 5.0 NEW SUPPLIERS

### 5.1 SUPPLIER INTEGRATION

The goal of AKWEL is to work with only Best in Class suppliers in their respective commodities, therefore suppliers must:

- Have good financial health, reactivity and flexibility.
- Comply with our contracts and share our values (ethics policy).
- Have a global footprint in order to support AKWEL in its global development.
- Bring innovative solutions to follow the future evolutions of the automotive industry
- Be responsible and have a quality mindset

Pre-requisite to integration:

- Positive results from the supplier evaluation and quality audit
- Quality and environmental certificates (ISO9001, IATF 16949, ISO14001)
- Supplier Minority/Diversity Certification as applicable
- Contracts signed (Non disclosure agreement, General Purchasing Conditions, Pilot Supplier Contract, Logistic Protocol) (see 5.4)
- Ethical Chart signed
- Liability Insurance certificate
- Entitled paper (where applicable)
- Banking details
- EDI/WebEDI sheet filled in

### 5.2 SPECIAL SUPPLIER STATUS

In case of Quality or Delivery issues or any risk identified with a supplier, the Commodity Lead Buyer together with Regional Purchasing Director Sourcing / Panel may decide to assign a special status to the supplier (“New Business on Hold”). Any supplier organization in this status will not be included in future programs until such a time as AKWEL reviews and changes the status of the organization back to approved.

The expectation is that the supplier will develop a corrective action plan to resolve these issues and work with the SQE and Buyer to achieve approved status.

If the supplier’s performance has not improved after 6 months in NBOH status, the Commodity Lead Buyer can request a status modification to the Group Purchasing Committee for supplier panel exclusion; (see 8.3).

### 5.3 RFQ & NOMINATION PROCESS

Only AKWEL "approved suppliers" can be awarded new business. The AKWEL buyers will send the technical specifications (CDC) along with a drawing (frozen or functional) to get the best solution from the supplier in line with the AKWEL expectations (customer specific requirements). To be considered, the CDC must be signed by the supplier. If there are deviations requested, these must be approved by the Project Manager in order to have the offer considered.

The supplier awarded will receive a Supplier Selection Letter. This letter is to be signed and returned prior to starting development activities (see 6.0).

## 5.4 CONTRACTUAL DOCUMENTS

### **Confidentiality Agreement (Mutual Non-Disclosure Agreement):**

Prior to any exchange of information with a company from outside AKWEL, a confidentiality agreement or mutual non-disclosure agreement must be signed. Without this document, exchanging data of any nature whatsoever is forbidden. Depending on the case, this agreement may or may not be a reciprocal undertaking. (see 4.10)

### **Supplier Pilot Contract:**

This frames the commercial relationship as a whole between the supplier and AKWEL. This contract is not, as a matter of principle, amendable.

### **Supplier Nomination Letter:**

This frames the commercial relationship for one reference (part number). This document makes reference to the Supplier Pilot Contract. It confirms the award of a contract to a supplier.

### **Standard Terms & Conditions of Purchase:**

Terms and Conditions frame the basics of the supplier relationship. They must be approved and signed by suppliers. These terms and conditions may be set by region. The latest copy of the AKWEL Terms and Conditions can be found on the AKWEL Website.

<https://akwel-automotive.com/en/performance-2/purchasing-policy/>

### **Logistic Protocol**

AKWEL will establish a logistics protocol between the supplier and the AKWEL receiving plant. The logistics protocol will formalize the supply chain requirements between the supplier plant and AKWEL receiving plant. It aims to identify the conditions applicable to the logistic operations, and to specify the expectations, responsibilities and engagements of each participant. It formalizes all the elements of process functioning, from the expression AKWEL needs, to the delivery of the products by our suppliers. (see 7.8).

## 5.5 GOVERNING LAW

For suppliers in North America and supplying to North America, the laws of the State of Michigan will govern.

For all other suppliers, the governing law is French law and the competent commercial court that of Bourg-en-Bresse.

## 5.6 PRICING

Suppliers are expected to be globally competitive, which will be benchmarked by AKWEL buyers.

- When requested by the AKWEL buyer, suppliers will complete the Cost Breakdown Form and the Tooling Cost Breakdown Form and submit with the supplier's response to the Request for Quotation.

- Suppliers are expected to have a continual cost reduction plan in place to manage their costs.
- Suppliers are expected to work with AKWEL buyers toward annual cost reductions. (long term contracts, annual negotiations, etc.)
- AKWEL will not accept quotations or issue contracts or purchase orders with minimum order quantities, unless approved by the AKWEL buyer.

## 6.0 PRODUCT / PROCESS DEVELOPMENT

### 6.1 PRODUCT DEVELOPMENT

AKWEL group uses a system based on the AIAG Advanced Product Quality Planning and Control Plan (APQP) and this reference manual shall be used as a guide for performing the APQP process. Supplier organizations shall participate in and meet AKWEL requirements for all new parts

Suppliers will receive specific instructions from the AKWEL Supplier Quality Engineer regarding the application of the AKWEL development system appropriate to the commodity.

Following are some key requirements:

- Participate in Project Reviews
  - Depending on product risk (see Appendix 1)
- Provide and maintain Timing Charts and Open Issues tracking lists
- Provide and maintain DFMEA
- Provide and maintain Process Flow, PFMEA and Process Control Plans
- Perform and provide Measurement System Analysis/Gage Review
- Provide an Early Production Containment and Pre Launch control plan defined by the SQE
- Complete Part Certification (PPAP) requirements prior to shipment of initial production. Follow the current edition of AIAG PPAP

AKWEL may conduct a risk assessment in consideration of awarding of a new program. It is conducted on a team basis and is summarized to determine the nature and extent that risk exists within a new project. This risk assessment may shape the nature of the relationship and the extent of the interaction between AKWEL and the organization awarded the new program during advanced quality planning and launch.

### 6.2 CHANGE CONTROL

The organization shall notify and get the written approval by the appropriate AKWEL buyer or Supplier Quality Engineer in the event of any change that impacts the product realization process for materials or services provided to AKWEL. The organization shall use the AKWEL Supplier Change Process (See Appendix 7) to detail the nature of the change. The appropriate AKWEL personnel will communicate any verification or identification requirements to manage the change. The organization should always make every effort to communicate potential changes that are anticipated, to allow every opportunity for AKWEL to fully consider the implications of a change and review the impact with our customers.

### 6.3 DETERMINATION OF REQUIREMENTS RELATED TO THE PRODUCT

The supplier organization shall comply with all End of Life Vehicle (ELV) requirements, as requested, by the AKWEL receiving quality control activity. This includes preparation of material data sheets necessary to comply with the International Material Data System (IMDS) and for submission with the PPAP tooling approval and payment. For more information related to IMDS please refer to [www.mdssystem.com](http://www.mdssystem.com).

The supplier agrees to manufacture the spare parts of the products as per the after-sales requirements expressed by AKWEL, during a period defined at the time of awarding the contract or by default, a period of fifteen (15) years from the date of end of production of the vehicle.

## **6.4 DETERMINATION OF REQUIREMENTS RELATED TO THE PRODUCT**

The organization shall conform to all written requirements from AKWEL for the definition and requirements of critical dimensions, features and processes as designated on the AKWEL engineering drawing. Appendix 6 defines the system for the identification and documentation of Critical Dimensions, Features and Processes.

Special characteristics are defined as:

- Those designated as such by AKWEL in the contract.
- Those designated, during the development, by the supplier to ensure a reliable, robust manufacturing process.

Special characteristics should be identified on all relevant project documentation:

- Product (drawing, specification, design FMEA, etc.)
- Process (process FMEA, manufacturing flow chart, control plan, maintenance plan, etc.)

All Special Characteristics listed on the design record shall be statistically monitored to prove capability. Process capability must be documented and evaluated. At minimum, the Supplier shall be familiar with and apply SPC as per the AIAG's SPC manual. Capability studies will include at least 30 pieces (depending on final CSR), either from a consecutive run or at the gaging frequency in the control plan.

Minimum requirement capability is  $Ppk > 1.67$  and  $Cpk > 1.67$ . Items not meeting the above capability criteria shall be 100% inspected until capability is resolved. Test data is to be submitted to the respective AKWEL plant as required.

All special characteristics must be included in the control plan and applicable FMEAs and be identified. The control method of these characteristics should be specified (eg. capability).

These methods should include at a minimum:

- The name of the relevant characteristic (product or process)
- The desired nominal value and the associated tolerances
- The control method (visual, dimensional, ...)
- The control equipment to use including use of any locks
- Sampling frequency with associated responsibility of realization
- The reaction plan in case of non conformity

## **6.5 MANUFACTURING FEASIBILITY**

During the quotation and the supplier selection process, the supplier must complete and sign the Technical Specification or Cahier des Charges (CDC) that is provided with the Request for Quotation unless waived by the AKWEL buyer. This form defines manufacturing feasibility as the mutual agreement between all parties that a proposed design can be manufactured, assembled, packaged, and shipped at a level to conform to AKWEL and our customers' requirements.



## **6.6 CAPACITY**

The capacity information provided with the quote should reflect the available capacity and operation plan (hours/day, days/week). The operation plan should meet Financial Planning Volume (FPV) weekly requirements assuming 5 days per week. If AKWEL production requirements increase to a Capacity Planning Volume (CPV) level of 120 percent of FPV, the supplier may increase its weekly operating hours or use a 6 day/week operation plan. The buyer shall be notified and approve of any operation plan using more than 100 hours per week. Suppliers shall have capability to provide 20 percent above the FPV without additional investment.

Product volume changes of 20 percent or more from an AKWEL previously verified volume capability shall require completion of a new capacity analysis. The study shall include identification of the capacity constraints and evaluation of risk to AKWEL by the supplier. The results of this study shall be provided to the responsible AKWEL Supplier Quality Engineer.

An assessment of the supplier production capacity may be required. Two options are possible to do this assessment:

- Use of Capacity Analysis Report – Ford (preferred or other Customer Standard if necessary). Note: for products with high risk, this assessment may be done by the SQE from AKWEL.
- Demonstration by the supplier of its ability to deliver the volumes required by AKWEL.

In all cases, this capacity assessment demonstration will have to be attached to the PPAP (Production Part Approval Process) file.

Quantity of parts produced during the capacity assessment will have to be agreed upon between the supplier and AKWEL.

## **6.7 DESIGN AND DEVELOPMENT**

It is the intention of AKWEL to involve suppliers design and development process as early as possible to optimize the consistency of the products and processes and to assure continual improvement to customer requirements and environmental compliance. Ease of manufacturing and mistake proofing of assemblies shall also be considered as an output of this design and development process.

According to the product risk, a dependability study may be requested by AKWEL.

During the development process, the SQE will organize the project reviews according to AKWEL's requirements based on the product risk (see Appendix 1). The supplier organization will be responsible for participating, tracking, communicating, and reporting in a formalized manner. Status and timing of program milestones must be maintained. The status of problem resolution activities must be reported as progress is made. Adequate personnel must be made available for proper support of program activities including program management, quality, manufacturing development, and commercial development.

AKWEL may visit the supplier manufacturing site to review process documentation, dimensional capability, and actual cycle rate versus quoted cycle rates. Any deficiencies noted



will require comprehensive action plans and closure prior to launch, unless a written waiver from AKWEL is obtained.

The supplier must alert AKWEL in writing in case of patented components or technical solutions.

## **6.8 PRODUCTION PART APPROVAL PROCESS (PPAP)**

For all components, or production parts, manufactured for AKWEL, the supplier shall comply with and submit a PPAP per the AIAG PPAP manual, at Level Three submission, unless otherwise directed by the AKWEL Project Buyer.

All PPAP paperwork and samples should be labeled as such and sent to the attention of the SQE per the address indicated on the specific purchase order.

Designated Control or Significant Characteristics, as defined by the customer to AKWEL, shall be defined within the Technical Specifications (CDC) or the print. Characteristics with the appropriate symbols or as specified in the Technical Specifications (CDC), must meet the required Ppk and Cpk requirements.

For bulk materials such as raw materials, PPAP is not required unless requested by the final AKWEL customer. When required, AKWEL will request the necessary documentation from the supplier per Appendix F of the AIAG PPAP manual.

Any delivery before PPAP approval must be submitted with a conformity report. Issuing an approved PSW enables AKWEL to consider the product to be conforming. This status will involve the stoppage of receiving quality inspection at AKWEL. The supplier must always ensure conformity of parts delivered by following the Control Plan.

The banned or restricted substances present will be the subject of a declaration (reporting substances) with the submission of PSW via IMDS.

## **6.9 ANNUAL REVALIDATION**

Unless otherwise specified, a complete annual layout inspection, including all sub-components, is required for all parts. All suppliers shall annually revalidate their respective production components, and be able to provide the results to AKWEL within 48 hours of the request. Suppliers shall compile revalidations and document this requirement in the Production Control Plan for all parts supplied. Those features/characteristics/notes that will be part of the revalidation package need to be designated such at the time of initial PPAP, but at a minimum shall also include a PSW and valid material certification report(s) not more than 12 months old, a full dimensional report, and a capability study for all print designated special characteristics.

## **6.10 REQUEST FOR DEVIATION**

If before shipment to AKWEL, a supplier becomes aware of a non conformity which does not affect a special characteristic or the function of the product, they should send a “request for deviation”, which should indicate:

- the nature of the non-conformity along with an analysis of its cause(s),
- the number of components affected,

- the likely consequences of the defect,
- the actions taken to correct and eliminate the problem along with a timing plan.

AKWEL will then accept or reject the deviation. If the deviation is accepted:

- it will cover only a specific quantity for a specific defect,
- the supplier will be required to identify all parts sent under that deviation with identifying labels marked “accepted under deviation”

The acceptance of any deviation does not affect the supplier’s commitments to AKWEL.

## **6.11 DATA EXCHANGE**

In EU & Asia, the preferred CAD Software for AKWEL is CATIA V5. If this is not available, then use a STEP (.STP) file. Final part drawing is to be submitted in .pdf format or .tif format at 300 DPI

For North America, if a supplier is using Nx or Catia V5, the supplier shall submit their final part drawing in Native 3D along with the associated drawing. If a supplier is using some other software, they must provide a STEP (.stp) file along with a .pdf of the drawing.

## **6.12 PROTOTYPES**

The supplier organization may be required to submit prototype parts for functional, dimensional, and materials evaluation. Prototype parts, in quantity, may be required for manufacturing trials at AKWEL facilities to assess the impact on the entire manufacturing process. These prototype parts are considered to be an important feature of the overall process development and are expected to be representative of the ultimate production process. The organization shall have a prototype control plan developed and implemented for every prototype program requested.

## **6.13 REGULATORY CONFORMITY**

Suppliers are responsible for insuring that all material and processes used in the manufacturing and sale of products to AKWEL are in compliance with all Federal, State and Local requirements regarding environmental laws and regulations, mechanical, electrical and electromagnetic devices. This applies in the country of manufacture and sale.

If the product provided is affected by regulations such as those imposed by Federal EPA, State Agencies or the Federal Motor Vehicle Safety Standards published under Public Law, the supplier is required to certify compliance of the product with such standards prior to initial production shipments and as required thereafter. The written certification with supporting test data shall be directed to the AKWEL receiving site’s Quality Control Department, in addition to the original compliance documentation.

The supplier agrees to deliver a product in conformity with the applicable regulations, in particular to the regulation RG 1907/2006 (REACH) and the directive VHU n° 2000/53/CE and its appendices. The supplier will have to transmit to AKWEL the declaration of dangerous substances present in the delivered products, under the format requested by AKWEL (IMDS or other).

The supplier agrees to implement the necessary steps within its own suppliers in order to respect the European regulation "REACH", "Conflict Minerals" or other regulations. AKWEL requires that the substances we use, the preparations and/or articles delivered on our sites will be taken into account in the records of the supplier.

The supplier agrees that the applicable safety sheets that cover the substances received by AKWEL are provided automatically (including when there is an update). The supplier agrees to inform AKWEL if the delivered product contains substances present in the REACH list. If the product does not comply with the REACH rules the supplier must provide a certificate of banned substances. If the supplier is located outside of the European Union, they agree to name a legal representative who will have to take into account REACH requirements for the products delivered to AKWEL.

**NOTE:** No prohibited heavy metals should be present - except if authorized by regulation: Lead, Mercury, Cadmium, Hexavalent Chromium (Cr6+)

**MSDS (Material Safety Data Sheets)** for raw materials and chemicals must be sent to the AKWEL receiving facility. Please mail under separate cover to the receiving site's MSDS Coordinator or SQE on the initial shipment and with any subsequent revisions.

**IMDS (International Material Data System)** – Upon PPAP, all suppliers must comply with reporting material/substance data via IMDS for all automotive products. (See Section 6.3)

**GDASL REFERENCE LIST** (Global Automotive Declarable Substance List)

All suppliers may also have to comply with reporting material/substance data via GDASL based on declarable substances (available on the website of GASDL: <https://www.gadsl.org>) for automotive products.

## **6.14 AUTOMOTIVE PRODUCTS WITH EMBEDDED SOFTWARE**

Suppliers that produce and supply components with Embedded Software must provide a documented software development capability self-assessment prior to development of any new software. The AKWEL Buyer will collect these documents.

## **7.0 MANUFACTURING & SUPPLY CHAIN**

### **7.1 MATERIALS MANAGEMENT OPERATIONS GUIDELINE/LOGISTICS EVALUATION (MMOG/LE)**

The Materials Management Operations Guideline/Logistics Evaluation (MMOG/LE) is an assessment tool jointly created by the Automotive Industry Action Group (AIAG), Odette representatives, OEM representatives, and automotive suppliers, in order to assist organizations in developing and implementing world class MP&L processes. It defines recommended business practices for the supply chain management processes of automotive industry suppliers, and is intended to establish a common definition of materials practices to facilitate effective communication between supply chain partners.

The purpose of the MMOG/LE is to produce one common material planning and logistics evaluation that can be used by the supplier and customer throughout the product life cycle, including the early development phases. MMOG/LE self-assessment is part of logistics evaluation. Suppliers to AKWEL are encouraged to use MMOG/LE as a self assessment tool, and it is recommended to follow a training course in MMOG/LE with a certified training society.

### **7.2 PRODUCTION SCHEDULING**

The supplier shall have in place an ERP system (Enterprise Resource Planning) with a minimum requirement to cover all aspects of the supply chain: from receipt of AKWEL supplier releases via EDI, through demand management planning, and the transmission of procurement orders to suppliers. Inventory management will be included within the ERP system with accurate stock keeping records.

AKWEL suppliers shall have the capability to electronically receive shipping releases (call offs) and forecast schedules and the ability to send Advanced Shipping notifications (ASN) at the time of shipment via EDI or WED EDI. ASN's must conform to AKWEL requirements and contain all information relative to the shipment, (delivery note number, part number, quantity, packaging data, label numbers etc).

Suppliers who fail to provide valid, timely and accurate ASN's may be subject to cost recovery by the receiving AKWEL location. AKWEL expects ASN's will be successfully submitted maximum 30 minutes after the shipment leaves the supplier premises. If the transportation time is less than 30 minutes to the AKWEL facility, the ASN must be successfully submitted prior to the arrival of the product to the AKWEL facility.

AKWEL will establish the shipping frequency for each production part. The supplier shall be capable to make minimum daily shipments. The Supplier must ship the exact quantities, dates and times specified on the release (call off). No over, under, early or late shipments can be made without prior authorization from the AKWEL receiving plant. All AKWEL schedules shall be in standard pack quantities in the smallest approved standard pack container. Suppliers shall have shipping capability to match the AKWEL receiving plant's normal production schedule.

For Ex-Works or FCA suppliers, at collection time the supplier shall allow the authorized carrier's driver to check the shipping quantities against the scheduled quantities.

Over shipments will not be accepted. If an over shipment occurs, it may be returned at the expense of the supplier.

If for any reason the supplier is unable to meet the schedules communicated by AKWEL, it is the responsibility of the supplier to notify the AKWEL plant logistics and scheduling personnel immediately. Suppliers will make up all missed or under shipments via supplier paid expedited premium transportation.

If AKWEL's or its customer's production is interrupted by the failure of the supplier to deliver contracted goods within the terms of the contract, all costs that are incurred by AKWEL and/or its customer will be the sole responsibility of the supplier.

### **7.3 PRODUCT TRACEABILITY**

Lot traceability of the raw material, work in-process, and finished materials used by a supplier furnishing goods and services to AKWEL must be identified from receipt at the supplier's facility through delivery. All raw materials used or purchased by the supplier in the fabrication of AKWEL products shall conform to the contractual specifications. Evidence of this conformance will be maintained by the supplier, and made available upon request to AKWEL. The supplier must manage inventory to ensure stock rotation.

Special processes are those processes that cannot be adequately evaluated for conformance to specifications through inspection and non-destructive testing alone. These include, but are not limited to operations such as chemical formulation and processing, heat treating, plating, etc. Regardless, the supplier must demonstrate control over these processes so that an assurance of compliance to the specifications is accomplished. There shall be written procedures governing these and other controls, with competent personnel implementing them.

The Supplier is required to be able to document their quality system and quality performance. The Supplier must maintain adequate records of all inspections and tests performed, particularly those stated within the control plans.

The Supplier is responsible to retain Quality System Records as required for the time periods specified in clause 7.5.3.2.1 of IATF16949.

### **7.4 PACKAGING**

The supplier must use packaging that guarantees the level of quality of articles until they reach their place of use. Packaging may be recommended in the specification to meet workstation location and routing time requirements.

Packaging approval must be included in the PPAP acceptance process. The PPAP approved packaging must be used for all serial production deliveries. In the case where AKWEL provides returnable packing materials (such as plastic boxes or metal containers), the supplier will be provided with sufficient materials for a maximum of 10 demand days. If, for reasons related to the supplier's own production schedule, this supply is insufficient; the supplier will pay the cost of additional packing materials and will ensure that product quality is maintained in the case of internal use of other types of packing materials and re-packaging operations.

Delivering products in alternative packaging or non standard pack quantities, unless previously agreed in writing with the AKWEL reception plant may result in product refusal at reception.

Unless otherwise specified, the weight of a packaging unit that can be lifted manually should not exceed 12 kg (25 lbs). Any exceptions must be approved by the logistics manager of the using plant.

The supplier must avoid generating waste and long unpacking operations (for example, for palletizing: use of banding wire rather than plastic film).

In all cases, packaging must comply with the legislation in force in the country of delivery.

In Europe, it must comply with European Directive 94/62 CE "Packaging and packaging waste".

The U.S. Department of Agriculture, Animal and Plant Health Inspection Service (APHIS) has issued a final rule effective September 16, 2005 that will affect all persons importing goods into the U.S. using regulated wood packaging material. The goal is to prevent the introduction and spread of a variety of pests. The packaging must meet one of the following two criteria or it will be subject to exportation or destroyed.

1. Fumigated in an enclosed area for at least 16 hours at certain dosages.
2. Heat treated – you must achieve a minimum wood core temperature of 56 degrees centigrade for a minimum of 30 minutes. Such treatments may employ kiln drying, chemical pressure impregnation, or other treatments that achieve this specification through the use of steam, hot water or dry heat.

Reference ISPM15 (2009) that may be found at: <https://www.ippc.int/en/>.

## **7.5 LABELING**

Each Packaging Unit and each Handling Unit must be identified by a label containing as a minimum the AKWEL product reference (Part Number) with data identifier/prefix "P", quantity of parts with data identifier/prefix "Q", serial number/label number with data identifier/prefix "S" or "M", description (with supplier number if applicable) and supplier name.

For European suppliers, this label must comply with the requirements of the GALIA format (Groupement pour l'Amélioration des Liaisons dans l'Industrie Automobile), unless otherwise requested by the receiving plant.

For North American suppliers, this label must conform to AIAG B3/B5 Standards.

For the first delivery of a new reference, in addition to the above label, the supplier must put in place on each box a visible green sticker "FIRST SERIAL DELIVERY REFERENCE #\_\_\_\_\_." This will insure that the proper documentation is reviewed. If this is not done for the first shipment, a logistics incident may be issued.



## 7.6 STORAGE & INVENTORY

The supplier organization shall use an inventory management system to ensure optimized use of inventory and assure stock rotation such as the first in first out inventory method (FIFO) for inventory control for all AKWEL products.

## 7.7 SHIPPING DOCUMENTS

The following must be clearly and properly displayed on all commercial invoices. The ultimate goal is to receive all invoices through EDI or WEB EDI.

- An adequate description of the merchandise
- Quantities of the merchandise
- The commercial value of the merchandise
- Currency of Funds/Price
- Appropriate HTS Code
- Complete name and address of the exporter (typically the shipper or manufacturer of the goods) ; Include the exporter's EIN or IRS number if available.
- Complete name and address of the consignee
- Consignee EIN or IRS number
- Country of Origin of the merchandise
- Shipping Terms (INCO terms) as listed on the purchase order e.g. ExWorks (EXW), Delivered Duty Paid (DDP) or Cost, Insurance, Freight (CIF).
- Purchase Order Number
- Invoice Date
- AKWEL part number(s) (reference number)
- "Notify Party" is AKWEL's Customs Broker

The following must be included on all Packing Slips (for additional requirements please see Appendix 2,3,4):

### MSDS (Material Safety Data Sheet)

#### Supplier Information

- Supplier name and address (ship point not billing office)
- Supplier code number
- Packing slip number
- Date shipped

#### Shipping Information

- Ship to
- Bill to
- Gross, tare, and net material weight (in pounds or kilograms)
- Shipped via (routing as instructed by AKWEL's Logistics where applicable)
- Bill of Lading number
- Freight terms (INCO Term)
- Transportation mode

#### Packaging Information

- Number of unit loads: pallets, containers or cartons
- Pieces per unit load
- Unit of measure – if other than pieces per unit load
- Number of measure of Supplier Owned Returnable Containers (where applicable)
- AKWEL Owned Returnable Containers identification number (where applicable)
- Supplier Owned Returnable Containers identification number (where applicable)
- Purchase order number
- Quantity shipped
- AKWEL part number (reference)
- Part Description

### **7.8 LOGISTICS PROTOCOL**

AKWEL will establish a logistics protocol between the supplier and AKWEL receiving plant. The logistics protocol will formalize the supply chain requirements between the supplier plant and AKWEL receiving plant. The supplier is requested to participate and validate this logistics protocol.

The Supplier will also alert AKWEL immediately of any actual or potential disruptions that will delay or threaten to delay timely delivery. (strike, Act of God, etc.)

### **7.9 PRODUCTION TOOLING**

Maintenance and refurbishment of AKWEL owned tooling is the responsibility of the supplier. Prior to the tool reaching the end of useful life, it is up to the supplier to notify the AKWEL Buyer in advance of such event.

The supplier shall maintain a listing of AKWEL owned tooling in its possession and furnish such a listing to the AKWEL buyer upon request. These tools must be permanently and clearly marked with the owners name and the part number or similar method which provides traceability to the owner. The supplier will not destroy or otherwise dispose of AKWEL owned tooling without the written consent of the AKWEL buyer.



## 8.0 QUALITY

### 8.1 TREATMENT OF AN INCIDENT

An incident can be triggered by either a quality or logistic non conformity. Notification of an incident should be made using the 8D methodology. Suppliers can respond using AKWEL format (preferred) or their own provided that it covers all the requirements of the 8D methodology.

A “C” incident is a non-conformity that is contained at the AKWEL plant. A “C1” incident is a non-conformity declared by our customer (at 0 km/miles) caused by our Supplier.

In the case of a C1 incident, the AKWEL 8-D format is mandatory.

The immediate containment actions to isolate and sort the suspect parts must be completed as rapidly as possible. If production is disrupted the supplier should send a qualified team (its own or hired in people) to sort and restock the AKWEL and / or customer sites affected. All containers of sorted or reworked products should be clearly identified. All costs generated by an incident will be borne by the supplier.

**Important:** The supplier must inform the SQE at the AKWEL site of the quantity of defective parts identified during the sorting process (before rework) to ensure that it is correctly assessed in the supplier’s ppm levels (reworked parts are considered to be defective).

### 8.2 8D METHODOLOGY

Suppliers should use the 8D corrective action process whenever a problem is encountered internally or upon notification from AKWEL. AKWEL defines following steps of the 8D as:

#### AKWEL 8D process

- D1** – Non-conformance description
- D2** – Evaluation of other products in which problem could be detected
- D3** – Initial analysis and non-detection cause
- D4** – Description of immediate containment actions
- D5** – Root cause analysis
- D6** – Corrective actions
- D7** – Validation of corrective actions
- D8** – Review of lessons learned and closure

For additional guidance on problem solving methods, tools, training, and related references, refer to AIAG document CQI-10.

The following AKWEL guidelines for 8D closure have been established:

#### **C Incident:**

- 24 hours for D1-D4
- 15 Calendar Days for D5-D6
- 60 Calendar Days for Incident Closure for D7-D8

### **C1 Incident:**

- 24 hours for D1-D4
- 10 Calendar Days for D5-D6
- 55 Calendar Days for Incident Closure for D7-D8

**NOTE:** These targets may be adjusted when taking into account the different target deadlines of AKWEL's final customers. The above mentioned targets will be always superseded by any other target date communicated by the SQE.

## **8.3 CONTROL OF NONCONFORMING PRODUCT**

The supplier organization shall have a system to control any nonconforming products or services discovered in satisfying the requirements of AKWEL, whether within AKWEL's facility, the organization's facility, or en-route. The organization shall replace the defective product as soon as possible, with no significant disruption to the AKWEL production process. Any cost of sorting, reworking, and expediting will be charged to the organization. AKWEL reserves the right to seek compensation from the supplier organization for any excessive or extraordinary costs incurred as a direct result of nonconforming products or services supplied.

**Quality Containment Level I** – The supplier organization is required to conduct a redundant inspection beyond the "normal" manufacturing process to assure containment of any defects within the supplier facility. AKWEL must agree upon the methodology of this inspection. The duration and exit criteria for this action will be stipulated by a formal written communication to the organization. This may be imposed when any of (but not limited to) the following conditions exist with the organization's product or service.

- 90 days after PPAP
- Lengthy duration in the resolution of a known problem
- Inadequate containment of a quality problem
- A quality reject of sufficient magnitude occurs at a AKWEL facility that significantly disrupts AKWEL's ability to provide its customers with product meeting all requirements
- Chronic receipt of materials or services at AKWEL site(s) that do not meet the contractually agreed upon requirements

**Quality Containment Level II** – The supplier organization is required to conduct a redundant inspection, facilitated by a mutually agreed upon third party contractor, at the supplier's expense. The AKWEL Supplier Quality Engineer and the initiating facility must agree upon the methodology and location of the inspection. The duration and exit criteria for this action will be stipulated by a formal written communication to the supplier organization by the AKWEL Supplier Quality Engineer and the initiating facility. This may be imposed when any of (but not limited to) the following conditions exist with the supplier organization's product or service.

- Quality issues related to Safety products
- Lack of significant progress towards resolution of an issue that required Quality Containment Level I to be imposed
- Chronic or repeat issues of significant magnitude
- Issues resulting in field actions with AKWEL 's customers

In the unfortunate circumstance that issues degrade to a level that it is no longer possible to continue normal relations with the supplier organization (this may include issues dealing with

safety and environmental compliance), AKWEL will place the supplier on New Business on Hold status. The supplier organization will be formally notified in writing as to the conditions resulting in this action and the further steps that will be taken, which may include resourcing of current products or services. Any supplier organization in this status will not be included in future programs until such a time as AKWEL reviews and changes the status of the organization back to approved. AKWEL may detail planning and action steps with the supplier organization to once again achieve approved status. A recommendation may then be made to AKWEL's Supply Chain Management and Quality to reinstate approved status. The supplier organization will be notified formally in writing in such an event.

## 8.4 COSTS ARISING FROM AN INCIDENT

For each incident, the following costs are imposed:

1. Administration and disturbance costs, the sum of which is to be communicated separately by letter. This sum is intended to cover AKWEL for time spent in the receiving plant in isolating defective or doubtful parts, communicating to the supplier and establishing the incident procedure.
2. All other direct or indirect costs incurred by AKWEL (return transport, sorting, rework, rejects, special transport, production stoppages in AKWEL or AKWEL's customer, vehicle refitting costs, etc.)

Each incident will trigger:

- An invoice for direct and indirect costs,
- A credit demand to cover the cost of any non-conformity or suspect parts .The corresponding credit note should reach us within 15 days.

## 8.5 MEASUREMENT OF SUPPLIER PERFORMANCE

Suppliers to AKWEL are assessed to identify opportunities for continuous improvement in the areas of quality, delivery and development. These metrics provide data to assist AKWEL Purchasing in sourcing decisions. The goals for each of these objectives will be communicated via the Target Letter sent by the Executive Vice President of Purchasing on an annual basis.

### QUALITY

#### Technical Parts Per Million (PPM)

$$\frac{\text{Number of Parts Rejected}}{\text{Number of Parts Received}} \times 1,000,000$$

#### Incidents per Billion (IPB)

$$\frac{\text{Number of Quality Incidents}}{\text{Quantity of Parts Supplied}} \times 1,000,000,000$$

#### Quantity of Category 1 (C1) Incidents

A "C1" incident is a non-conformity declared by our customer (at 0 km/miles) or a Warranty Return caused by our Supplier.

#### Quantity of C Incidents

A "C" incident is a non-conformity that is contained at the AKWEL plant.

### **Reactivity**

Percentage of each 8D steps accomplished on time (see Section 8.2)

## **DELIVERY**

### **Service Rate**

$$\frac{\text{Number of Compliant Deliveries}}{\text{Number of Delivery Requests}} \times 100$$

### **Incidents per Million (IPM)**

$$\frac{\text{Number of Logistics Incidents}}{\text{Number of Delivery Requests}} \times 1,000,000$$

Logistic incidents are defined as delivery anomalies affecting the production at an AKWEL facility. Examples of such include (but not limited to): disturbance of scheduling, risks of production stoppage, quantity discrepancies, incomplete or missing shipping documents, noncompliant packaging, label discrepancies, and delays or damage to products while in transport if transport is organized by the supplier.

## **DEVELOPMENT**

Full compliance with Quality Cost & Delivery (QCD) targets of the project.  
100% acceptance of initial samples (PSW) on time.

## **8.6 R0-R6 METHODOLOGY**

This methodology is a tool for the supplier to develop a concrete action plan to get their performance in line with AKWEL targets. Annually, Suppliers are assessed on the number of incidents (C & C1), Technical PPM, Supplier Reactivity, IPM and development performance. Based on this information, the commodity lead buyers will determine the risk factor of each supplier (R0-R6). Based on the risk factor, this will determine the priority, type, extent and timing of required supplier development actions for its active suppliers.

## 9.0 ADDITIONAL REQUIREMENTS

### 9.1 ACCESS

The Supplier's shall allow AKWEL and their customers' representatives all reasonable access to their premises to:

- Conduct audits as may be necessary to confirm that the quality management system is performing as described in their manual.
- Confirm that product and subcontracted product or services conforms to specified requirements both during development and production.
- Confirm the ability to sustain the declared production capacity.
- Verify the actions taken following a corrective action.

When circumstance allows, the AKWEL Supplier Quality Engineer will notify the Supplier in advance of planned visits.

### 9.2 CONTINGENCY PLANS

The supplier organization shall notify the appropriate AKWEL buyer and SQE as soon as possible in the event of any occurrence that creates an unscheduled halt to production that prevents the organization from the required production volumes and schedules. The nature of the problem shall be communicated to AKWEL and immediate actions shall be taken to assure supply according to the requirements of the AKWEL receiving facility.

### 9.3 LABOR DISPUTES (NORTH AMERICA ONLY)

If the supplier organization has a unionized work force then the organization shall notify AKWEL annually, in writing, of the union affiliation and contract expiration date.

The Supplier will notify AKWEL in writing at least six (6) months in advance of the expiration of any current labor contract(s). If requested by AKWEL, the Supplier's will have available eight (8) weeks supply of finished goods at least 30 days prior to the expiration of any such labor contract, in quantities and for storage at any place or places designated by AKWEL at the Suppliers expense.

The Supplier will also notify AKWEL immediately of any actual or potential labor disputes or disruptions that will delay or threaten to delay timely delivery.

### 9.4 WARRANTY

Suppliers are responsible to become familiar with the end customers warranty policies, as these will be cascaded down the supply chain.

When AKWEL receives a warranty claim that involves supplied product, it becomes the responsibility of that Supplier to open a corrective action, to document the investigation of the cause, testing results, root cause identification and corrective action taken, respecting the response deadlines communicated by the SQE. If the Supplier has any objections to the warranty claim received, such objections shall be advised to AKWEL by notice in writing within ten (10) days of receipt of the complaint from AKWEL. Failure to raise any objections within the time period referred to above will result in the deemed acceptance by the Supplier of the

findings reported in the claim. Any objection raised to a warranty claim will be negotiated in good faith by the parties. If the parties fail to reach agreement on any objection within twenty (20) days of the receipt of the objection notice by AKWEL then either party may refer the matter for determination by an independent third to be appointed by agreement of the parties. The third party shall be acting as an expert and not arbitrator and his decision shall be final and binding. The costs of the expert shall be borne by the parties in such proportions as the experts deems fit.

The Supplier will be responsible for expenses related to their product that AKWEL may incur in addressing the warranty claim (see 8.4) and any other indirect cost related with end customers warranty policies, triggered by the acceptance rate associated with the warranty claim.

### **Recall Campaigns and Serious Defects**

If a recall campaign or any procedures similar thereto is carried out due to the Defective Products irrespective of the Warranty Period, the supplier shall reimburse AKWEL for all actual costs, claims and expenses, indirect and/or consequential damages incurred by AKWEL from such recall campaign and agrees to indemnify AKWEL in respect of any such costs, expenses, claims and damages.

## **9.5 CONTINUOUS IMPROVEMENT**

AKWEL expects that the supplier organization will have quality systems in place that promote continuous improvement in all encounters with AKWEL. AKWEL expects that the supplier organization will actively participate in team based quality improvement and/or cost reduction. In the pursuit of supplier development, we recommend that the supplier be trained in various disciplines of continuous improvement (i.e. Six Sigma-Green belt and Black belt, VA/VE, Kaizen, Lean Techniques, Problem Resolution, etc.).

It is recommended that the materials management operations use a self assessment tool such as the Materials Management Operational Guidelines/Logistical Evaluation (MMOG/LE) as a continuous improvement guideline for all supply chain activities.

## **9.6 END CUSTOMER EXPECTATIONS**

In the automotive industry today, it is necessary that all Suppliers are familiar with the end customer's quality requirements as it is a requirement of AKWEL to cascade these requirements down to our supply base. AKWEL expects its Supplier's to be familiar with and implement our end customers' requirements as defined in their "Customer Specific Requirement" publications including the most recent versions of the AIAG CQI standards.

All these CSRs are updated regularly and available on the IATF internet web site located here: <http://www.iatfglobaloversight.org/oem-requirements/customer-specific-requirements/>.

In addition to the above requirements, some other end customer requirements may be applied. In such cases, the specific requirement will be cascaded to the supplier through the technical specification (CDC).

## APPENDIX 1 – PROJECT REVIEWS

Minimum Project Reviews according to Supplier/Product risks:

		Supplier Risk	
		A	B
<b>Product Risk</b>	<b>1</b>	PSW Review	Kick Off Review PSW Review
	<b>2</b>	Kick Off Review PSW Review	Kick Off Review Design Review PSW Review
	<b>3</b>	Kick Off Review Design Review PSW Review	Kick Off Review Design Review Off tool Review PSW Review

### CONTENTS OF PROJECT REVIEWS:

#### Kick Off Review:

Technical review with the supplier about program requirements. Determine PPAP level.

#### Design Review:

Review for design validation and to check the supplier product – process against the customer requirements.

#### Off tool Review:

Review with supplier the first parts from the production process; determine status of the project progress against the customer requirements.

Define an action plan if necessary.

#### PSW Review:

Review with supplier to decide the status of PSW and supplier manufacturing capacity. Run @ Rate may be conducted at supplier's site.



## APPENDIX 2 – NORTH AMERICAN CUSTOMS DOCUMENTATION

All material shipping cross borders must have “Country of Origin” and “HS Tariff Classification” clearly marked on the commercial invoice along with a written description and value in currency of transaction.

Suppliers are responsible for accurate completion of customs documents and ensuring all documents are given to carrier at time of shipment for proper clearance through AKWEL’s dedicated broker. Any delays in Customs and/or penalties for incomplete or inaccurate information will be the responsibility of the Supplier.

All charges resulting from the export and return of defective product shall be the responsibility of the Supplier.

All Suppliers are obligated to annually provide AKWEL with all the appropriate Certificates of Origin (COO) to satisfy NAFTA and origin requirements along with a Manufacturer’s Affidavit.

Sample attachment of NAFTA form:

USA NAFTA form may be downloaded from [http://forms.cbp.gov/pdf/CBP\\_Form\\_434.pdf](http://forms.cbp.gov/pdf/CBP_Form_434.pdf)

CANADA NAFTA form may be downloaded from <http://www.cbsa-asfc.gc.ca/publications/forms-formulaires/b232-eng.pdf>

MEXICO NAFTA form may be downloaded from:  
[http://www.cofoce.gob.mx/a\\_web/2007/info%20comercial/Formatos/formatos.cfm](http://www.cofoce.gob.mx/a_web/2007/info%20comercial/Formatos/formatos.cfm)

Offshore shippers must inform freight forwarder of all information needed to complete the Importer Security Filing form (ISF-10 obtained by contacting the freight forwarder being used) for US customs at time of shipment. Suppliers will be responsible for any costs or penalties relating to Suppliers failing to provide certification or providing fraudulent certification.



## APPENDIX 3 – EU CUSTOMS DOCUMENTATION

Suppliers are responsible for the completion of all customs documents and ensuring all documentation is given to the carrier at the time of shipment for proper clearance through AKWEL's customs broker or the supplier's dedicated customs broker (based on the defined INCOTERM). Any delays in customs and or penalties due to incomplete or inaccurate information will be the responsibility of the supplier.

### **For imports into Europe and exports from Europe:**

Refer to <http://madb.europa.eu/madb/indexPubli.htm> for procedures and documentation.

### **For deliveries to subsidiaries outside Europe (Tunisia, Turkey, Morocco) through AKWEL MSD (Magasin sous Douane), the following documents are required:**

The export of the goods will be made by the supplier. The Single Administrative Document (DAU) EXA export, the certificate of proof of European origin (EUR1) or Proof of Free circulation flow to Turkey (ATR) must accompany the shipment, detailed packing list and the original invoice.

Nomenclature and customs origin must be communicated to AKWEL when submitting an offer.

Annually, the supplier must send to AKWEL:

- Long-term supplier's declaration concerning the origin of products filled, dated, signed and stamped with information requested by of the preferential agreements From COMMISSION IMPLEMENTING REGULATION (EU) 2015 2447 of 2015 November 24th

In case of questions, please contact:

#### **Tunisia & Morocco:**

AKWEL SA MSD Sud  
155 AVENUE DE L'EUROPE 84170 MONTEUX FRANCE  
Tél : +33 4 90 66 36 36

#### **Turkey:**

AKWEL SA MSD Nord  
96 Rue de la Haye  
78131 Les Mureaux  
Tél : +33 1 34 92 50 51

## APPENDIX 4 – ASIA CUSTOMS DOCUMENTATION

For the import of components & raw material to China the following documentation is needed:

- Bill of Lading
- Packing List
- Pro-Forma Invoice
- CMDS (China Material Data Sheet) for Raw Materials

## APPENDIX 5 – HEAT TREATMENT

### Heat Treat Assessment Requirements

Organizations and sub-tier suppliers providing heat treated product and heat treating services shall demonstrate compliance to AIAG CQI-9 “Special Process: Heat Treat System Assessment” and Ford Specific CQI-9 requirements (available through [https://web.qpr.ford.com/sta/CQI-9\\_Ford\\_Specific\\_requirements.xls](https://web.qpr.ford.com/sta/CQI-9_Ford_Specific_requirements.xls)); CQI-9 is available through AIAG [http://www.aiag.org/CQI-9 Special Process: Heat Treat System Assessment](http://www.aiag.org/CQI-9_Special_Process:_Heat_Treat_System_Assessment)

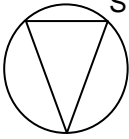
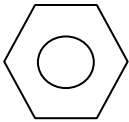
All heat-treating processes at each organization and sub-tier supplier manufacturing site shall be assessed annually (at all tier levels), using the AIAG CQI-9 “Special Process: Heat Treat System Assessment” (HTSA) and Ford Specific CQI-9 requirements. Assessments are also required following any heat treat process and/or changes of heat treat equipment or additions.

The organization must review that the individual assessments are current (less than 12 months old), meet the requirements above and enter the CQI-9 assessment status into GSDB Online. GSDB Online is accessible through:

<https://web.gsdb2.ford.com/GSDBBeans/servlet/gsdbeans.web.lib.GSDB>

The organization shall maintain the two prior annual CQI-9 assessment reports and related information at the organization’s site and make them available to SQE upon request. Heat Treat assessments are conducted by the organization, heat treat suppliers, and sub-tier suppliers or by Ford. Demonstration of compliance to CQI-9 and Ford Specific CQI-9 requirements does not relieve the organization of full responsibility for the quality of supplied product.




## APPENDIX 6 – SPECIAL CHARACTERISTICS

Symbol	Definition	Ppk Requirements	Gaging Requirements	SPC Charting	Mistake Proofing or 100% Auto Inspection
	<b>Critical To Safety</b> Any dimension, feature or process that if not controlled would result in a safety concern.	1.67	Variable	Xbar-R (not necessary if 100% inspection is installed)	Required
	<b>Critical To Function</b> Any dimension, feature or process that if not controlled would result in performance degradation.	1.67	Variable	Xbar-R (not necessary if 100% inspection is installed)	Required
	<b>Critical To Manufacturing</b> Any dimension, feature or process that if not controlled would adversely affect a subsequent operation/ process.	1.33	Variable	Required	Not Necessary
	<b>Pass Thru Characteristic</b> Any dimension, feature or process that is not created, measured or verified at any point in a subsequent process.	1.33	Variable	Team Decision	Not Necessary
	<b>Customer Contact Point</b> Any dimension or feature that is used by the customer in their subsequent manufacturing process.	1.33	Variable	Required	Required

The identification of characteristics must comply with the symbols required by Customers, in particular for the documents exchanged with them.

With respect to internal documents (manufacturing instructions, control steps, ...) the following symbols are to be used:

### AKWEL Symbols

Safety characteristic (S)	Regulatory characteristic (R)	Special characteristic
		 (* See Below

(\* )Logo of "AKWEL" :

Dimensions :

- Hexagon : 10 mm width
- Circle : 7 mm diameter

Caption (potential)

- "AKWEL's Functional characteristic"

## **APPENDIX 7 – SUPPLIER CHANGE PROCESS**

The supplier shall notify the appropriate AKWEL Buyer or Supplier Quality Engineer in the event of any change that impacts the product realization process for materials or services provided to AKWEL.

Examples of changes may include:

- Engineering change (material, component, definition)
- New tools
- Change of production site including transfer between AKWEL sites
- Transfer to a sub-contractor
- Change in the manufacturing process
- New source of raw material supply
- Modification of a packaging

The supplier shall use the Supplier Change Request template, (available from the Buyer or SQE) to detail the nature of the change along with an impact analysis. The appropriate AKWEL personnel will communicate any verification, validation or identification requirements to manage the change. The supplier should always make every effort to communicate potential changes that are anticipated, to allow every opportunity for AKWEL to fully consider the implications of a change and review the impact with our customers.

No changes can be made without prior acceptance from AKWEL.

**AKWEL**

---

**[AKWEL-AUTOMOTIVE.COM](http://AKWEL-AUTOMOTIVE.COM)**

Supplier  
Development and  
Quality  
Requirements  
Manual

---

975, route des Burgondes  
01410 Champfromier  
France  
TEL +33 (0)4 50 56 98 98