Supplier Quality Requirements
Revision 11

Stranco Products

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Purpose

The purpose of these Supplier Quality Requirements (SQR) is to inform Stranco Products' potential and current suppliers of our policies as well as quality and performance requirements.

"**Note**: The recording of false, fictitious or fraudulent statements or entries on documents may be punishable as a felony under Federal Statute."

Scope

This SQR applies to all suppliers in the process of qualifying for our Approved Supplier List as well as current suppliers who undergo periodic re-evaluation.

Responsibility

Suppliers with questions relating to the content of this SQR should contact either Stranco's Purchasing or Quality Department.

References

- ISO/TS 16949 Quality Management Systems – Particular requirements for the application of ISO 9000 for automotive production and relevant service part organizations
- AIAG Core Tools (FMEA, SPC, PPAP, APQP, and MSA) with special attention given to Production Part Approval Process (PPAP) 4th Edition.
- Supplier Self Assessment (Stranco Form 0602A)
- Stranco Quality Operating Procedure WI 7.4.1 – Vendor Selection, Evaluation, and Monitoring
- Stranco's Supplier Report Card

Supplier Qualification

Suppliers of production material are granted initial approval based on one or more of the following:

- supplier is ISO 9001 registered, with development intent to ISO/TS 16949
- completed Stranco Supplier Self Assessment, accepted by Stranco
- Stranco's customer approval and/or waiver of supplier's third party QMS registration

Supplier Quality Expectations

Suppliers are responsible for establishing, documenting, and maintaining a Quality Management System (QMS) which ensures that product conforms to Stranco's specified requirements. A quality manual should be prepared which includes

references to QMS procedures and outlines the structure of documentation used within the QMS.

Documented procedures must be prepared and effectively implemented. The procedures are to define how the requirements for quality will be met and documented. The procedures may make reference to work instructions that define how an activity is performed.

The supplier's management with executive responsibility must review the QMS at defined intervals sufficient to ensure its continuing suitability and effectiveness. A procedure for planning and implementing internal quality audits must be established and maintained to verify whether quality activities are related results comply with planned arrangements and to determine the effectiveness of the QMS.

Production Part Approval Process

If a PPAP is requested, the level and any additional requirements will be communicated to the supplier.

When required, PPAP process requirements and production run samples are to be developed and submitted in accordance with the process described in the Automotive Industry Action Group (AIAG) Production Part Approval Process 4th Edition Manual or alternate customer approved process. The creation and submission of the process requirements are handled in accordance with Stranco's order requirements and the Retention/Submission requirements table in the PPAP manual.

Regulatory Conformity

Stranco requires that all products bought from its suppliers satisfy current governmental and safety constraints on restricted, toxic, and hazardous materials as well as environmental, electrical, and electromagnetic considerations applicable to the country of manufacture and sale. When requested, Stranco requires all suppliers to participate in customer specific disclosure and conformance requirements. Examples include:

- IMDS submissions via www.mdsystem.com
- OEM restricted material disclosures (i.e. GMW3059)
- Government declaration requirements (i.e. EU Directives such as ELV, RoHS and WEEE)

Process Changes

Any changes in process should be communicated to Stranco Products Inc. prior to implementation.

Nonconforming Material

If nonconforming material is discovered at either Stranco's location or Stranco's customer's location, the supplier will be contacted by Stranco for disposition. Disposition may include:

- Stranco certifies stock at the supplier's expense.
- Stranco's supplier hires an independent source to certify or sort stock at Stranco's location or Stranco's customer location.
- Stranco's supplier sends a representative to Stranco's location to certify stock.
- Stranco's supplier authorizes material to be scrapped or returned to supplier location.

Containment of potential nonconforming material at supplier's site is required. Supplier must cooperate with Stranco if potential nonconforming material is at Stranco's location or Stranco's customer location by supplying lot numbers, dates of manufacture or any other traceability information to help segregate suspect materials.

Any costs incurred by Stranco Products related to poor product quality will be charged back to Stranco's supplier.

Corrective and Preventive Action

Stranco's suppliers must establish and maintain documented procedures for implementing corrective and preventive action. Any action taken to eliminate the causes of actual or potential nonconformities must be appropriate to the magnitude of problems and commensurate with the risks encountered.

Stranco may issue a Corrective Action Request in the event of nonconforming material being shipped or poor supplier performance. Short term corrective and preventive action response is due within 10 working days of notification to supplier or sooner if requested by Stranco's customer. Suppliers' responses to Stranco's CPAR requests may be shared with Stranco's customers.

Supplier Ordering, Shipping, and Delivery Expectations

Purchase Orders

Purchase orders are issued describing materials or services in the following terms (as needed):

- part number
- part description or description of service
- dimensional and material requirements
- revision level
- quantity
- price

- delivery method
- any customer specific requirements (i.e. PPAP requirements, IMDS submission, test reports and certifications, etc.)

Stranco requires that suppliers acknowledge our purchase orders as soon as possible. Firm shipping dates must be communicated in order for Stranco to meet our customers' on-time delivery requirements and to measure each supplier's performance. Notification by suppliers of a late delivery or change in delivery date by either an employee of the supplier or a computer-generated report does not absolve a supplier of a deficiency.

Labeling and Delivery

Suppliers are required to have a goal of 100% on-time delivery performance.

Product is to be adequately packaged and identified. Stranco's part number and supplier's lot number should be visible on all containers. In addition, the supplier's lot number must be listed on:

- all quality documentation (such as test reports and certificates of compliance)
- packing lists
- individual product shipped within containers

Supplier Evaluation and Monitoring

Supplier performance is reviewed quarterly to the performance requirements listed below.

Suppliers with no transactions with Stranco for 24 months or more will be inactivated or re-evaluated.

A supplier with a 6 month average performance score of 83 or less must respond with a corrective action plan to improve performance.

Stranco Products has established the performance expectations listed in table 1 for its suppliers.

Table 1

Performance	***Score***	***Explanation***
100% On-Time Delivery	40%	Stranco expects 100% On-Time Delivery from our suppliers. On-time delivery to be 5 business days early to 2 business days late.
100% acceptance of product, no rejections or poor quality	40%	Returns from our customers are included in this score.
Premium Freight	10%	Stranco Products tracks instances of premium freight charges. 10% is awarded if there are none,

		proportionally calculated if there are.
Corrective Preventive Action Request Responses	10%	Stranco expects Corrective Action Requests to receive actions without undue delay.

Supplier performance is tabulated from the resultant scores listed in table 1. The performance rating is listed in table 2.

Table 2

Score Range	***Supplier Rating***	***Action Required By Supplier***
92 – 100	Excellent	Please maintain your outstanding quality system and service to Stranco!
84 – 91	Good	Performance is less than acceptable. Appropriate actions should take place.
76 – 83	Conditional	A formal Corrective Preventive Action Request will be issued to seek out your plans for improvement when the past 6 month average score is at or below 83.
75 and below	Unacceptable	Written report required detailing plans for improvement is required. Corrective Action Request will be issued. Supplier may be removed from Approved Supplier List.

Revision, Review and Reapproval History

Rev #	*Rev Date*	*Change/Reason*	*Approved by*
6	8/25/04	Table 1: Added proportional calculation of instances of premium freight	Karin J. Anderson
7	10/04/04	Table 1: Changed QMS status to response status of CPARs.	Karin J. Anderson
8	02/07/05	enhanced Form 0602G into formal Supplier Quality Requirements per Action Item 2 dated 1/19/2005	Karin J. Anderson
9	8/18/2006	PPAP Manual now rev 4. Removed references to QS-9000	Larry Land
10	10/18/12	Edited for clarity	Larry Land
11	3/5/2015	Added: "Note: The recording of false, fictitious or fraudulent statements or entries on documents may be punishable as a felony under Federal Statute." To Purpose section	Larry Land