

AATI

Supplier Quality Manual

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1.0 Introduction

1.1 Scope

The details stipulated within this manual are the minimum mandatory requirements for production (including aftermarket) goods and service suppliers to Advanced Auto Trends, Inc. (AATI) its subsidiaries and affiliates, irrespective of their global location. [These requirements also apply to AATI plants supplying components to other AATI locations.](#)

AATI is committed to providing quality products and services, on time, that meet our customer needs. This requires a commitment from our suppliers to provide the same to us.

1.2 Purpose

The purpose of this document is to communicate AATI requirements with respect to the quality management system of those companies that supply production goods and/or services to AATI.

AATI requires that it's Suppliers:

- a) Implement appropriate systems and controls to ensure the 100% on-time delivery of conforming, defect-free products to AATI.
- b) Manage facilities, processes, quality systems and personnel to consistently and cost effectively, produce products and furnish services that meet the needs of AATI and its customers.
- c) Develop and implement a documented Quality System, in accordance with the AIAG Advanced Product Quality Planning and Control Plan reference manuals in order to ensure that all AATI requirements are met.
- d) Provide objective evidence that all supplied products and services satisfy AIAG Production Part Approval Process requirements including acceptable process capabilities for Special/Control Characteristics.
- e) Utilize appropriate statistical techniques for on-going process control and improvement (as established in the AIAG Fundamental Statistical Control reference manual)
- f) Continuously improve by reducing part-to-part variation and eliminating waste.
- g) Conduct its operations to ensure that all materials and products provided to AATI meet or exceed all applicable environmental laws and regulations of the jurisdictions in which the supplier does business. Suppliers must meet the same requirements that our customers require of us.

1.3 Background

[The AATI Supplier Quality System Requirements are based upon the latest edition of ISO9001/2015 and IATF16949:2016 Quality System Requirements. At a minimum, AATI requires its suppliers to be certified to the ISO9001:2015 quality standard.](#)

Note: Waivers may be granted on a limited basis and contingent on supplier status. However, all suppliers must complete the AATI on-line quality survey and submit it to the AATI Quality Department. Although this does not alter or reduce any other requirements of the contract (P.O.), it is intended to provide a concise understanding of our quality expectations.

[This manual supersedes all previous supplier quality manuals produced by AATI.](#)

2.0 Quality Systems Requirements

2.1 General Quality Systems Requirements

Current and potential suppliers to AATI must operate within a comprehensive quality system. If requested, suppliers shall provide written confirmation and objective evidence of third party certification. Also, suppliers are required to immediately notify all AATI receiving sites and their buyer if their registrar places them on "Probation".

[Suppliers, who are not ISO9001:2015 certified, must have a working plan to become compliant and submit it to AATI for review.](#) These suppliers could be placed on "probation status" with AATI, until compliant.

Suppliers are required to follow the requirements of the current AIAG version of the Production Part Approval Process (PPAP) manual and meet the intent of the requirements specified in the following AIAG Reference Manuals: Advanced Product Quality Planning and Control Plan (APQP), Potential Failure Mode and Effects Analysis (FMEA), Measurement Systems Analysis (MSA), and Statistical Process Control (SPC). Additional requirements are noted in this Supplier Quality System Manual. AATI may communicate other requirements as our needs or the needs of our customer changes. [It is the responsibility of suppliers, both present and new; to obtain and maintain the current issue of all ISO9001:2015 and/or IATF16949:2016 and other AIAG related documents.](#)

[Comments or questions regarding AATI Supplier Quality Manual may be directed to Advanced Auto Trends, Inc., Quality Manager.](#)

2.2 Advanced Product Quality Planning (APQP)

If requested, suppliers shall generate and submit, an Advanced Product Quality Plan in accordance with the AIAG APQP reference manual for review by AATI Project Team or relevant Engineering group. This plan shall include, but not be limited to:

- a) Notification of risks that effect product integrity or the project plan.
- b) Implementation of error proofing (pokie-yoke) to achieve Zero Defects to AATI.
- c) Identification of changes needed to product or process specifications.

2.3 Engineering Prototype Sample Submissions

The supplier for engineering validation testing shall submit engineering prototype parts with documentation of specification conformance, to AATI. Each sample or prototype must be clearly labeled as such and be accompanied by complete dimensional results, material test results and performance test result reports as described in the AIAG PPAP manual (unless otherwise stated by the engineer requesting the sample/prototype parts). Specific instructions, in addition to these stated requirements, may be agreed upon and documented by AATI via Engineering or other formal communication.

2.4 Special Characteristics

Special Characteristics are any product or process characteristics that affect safety or compliance with regulations, fit, function, performance or subsequent processing of product.

[In accordance with the requirements of ISO9001:2015/IATF16949:2016, Special Characteristics shall be identified and specifically addressed in the DFMEA, PFMEA, Control Plan, Process Flows, Work Instructions and other associated documents.](#)

AATI designated Special Characteristics are identified on drawings/specifications or in a separate document that cross-references these characteristics to the drawings / specifications. Suppliers are responsible to fully understand the usage of their product

and also identify Special Characteristics, as appropriate. Suppliers are also responsible for ensuring that relevant Special Characteristics are explained, understood and controlled by their sub-suppliers.

2.5 Process Capability and Control

Suppliers are required to meet the process capability requirements as defined in the AIAG PPAP and SPC reference manuals, unless otherwise specified by AATI. The supplier is responsible to ensure process capability and control requirements are documented in their control plan and the capability indices are achieved and improved throughout production.

2.6 Sub-Supplier Control

Each AATI supplier is responsible for the control and continuous improvement efforts of its suppliers. However, AATI reserves the right to visit sub-suppliers.

2.7 Supplier Tooling, Gauging and Returnable Containers

The supplier shall establish preventive/predictive maintenance procedures on all tooling. Evidence of procedure execution shall be made available upon request. Preventive/predictive maintenance schedules and tool history records shall be documented and available for review upon request.

In case of tooling relocation to an alternate supplier location or facility, it is the supplier's responsibility to contact AATI regarding potential re-PPAP requirements prior to moving the tool.

2.8 Change in Production Requirements

Suppliers are required to meet AATI Production requirements. Required documentation must be kept current (e.g., Control Plan)

Suppliers are expected to clearly identify "Sample" parts to ensure that the AATI receiving department does not mix such parts with "regular" production parts. Suppliers are also expected to work closely with AATI Material Control personnel to minimize unnecessary obsolescence.

Labeling must be done per AATI receiving department requirements and shall be differentiated from regular production shipping labels, unless the parts are already PPAP approved. In particular, the Supplier Identification, Part Number, Engineering Level, and Quantity must be clearly displayed on the part-packaging label to ensure easy, visible segregation of containers/parts. In addition, a brightly colored sheet of paper, at least 8.5" x 11" must be attached to at least 2 sides of the container or material, stating one of the following:

- a) Pre-Production Material
- b) Pre-Production Parts
- c) Samples

Important: Suppliers not adhering to the above requirements may be placed on Containment by AATI.

2.9 Manufacturing Process Review

A systematic review of a supplier's manufacturing process may be conducted at the supplier's facility prior to AIAG PPAP submission. This process may be an AATI or AATI customer specified process.

2.10 Production Part Approval Process (PPAP)

All production part sample submissions shall be in accordance with the AIAG PPAP manual requirements as stipulated by the AATI Quality Department. Level 3 PPAP is the default submission level unless otherwise agreed upon with AATI Quality Department. Supplier PPAP packages shall include all component/s (internal and sub-supplier), PSW's, at a minimum, and may require additional PPAP documentation per AATI receiving site Quality Department.

PPAP's shall be submitted to the AATI Quality Department, and any associated PPAP sample parts shall be clearly labeled as such.

Full or interim PPAP approval is required prior to shipping parts to AATI for use. Any production shipments received by AATI prior to obtaining this approval will be rejected. Any exceptions must be documented and approved on the AATI deviation form.

2.11 Changes to Approved Product and Processes

Suppliers and sub-suppliers are not to make unauthorized changes to a product (e.g., material, component, sub-assembly etc.) or the process used to produce a product that has been previously PPAP approved by AATI. This includes changes to Process Control Plans.

The appropriate AATI Procurement and receiving quality representative shall be notified of intentions to change a product or process prior to making any changes. The supplier must submit a Supplier Request for Product or Process Change and receive written authorization to proceed with the change from the AATI Quality Department prior to implementing the change.

Suppliers who do not provide appropriate notice to AATI of any change that could impact the end product will be held responsible for all damages, losses and liabilities attributable to any unapproved change made by you or one of your suppliers (e.g., customer rejections, customer line stoppage penalty fees, field failures costs, warranty expense, etc). In addition the supplier may be placed on New Business Hold until the systemic issue is addressed.

2.12 Annual Re-Qualification

Unless waived in writing by AATI, the supplier shall inspect and test annually a sample of each active product supplied to assure conformance to all AATI specified requirements (e.g.; dimensional, material and performance). These inspection requirements shall be included in the supplier's production control plan. A qualified laboratory shall carry out material testing. Annual validation documentation shall be on file at the supplier and available to AATI upon request. If a non-conformance is found during the annual validation, the supplier must notify the AATI Quality Department immediately so that appropriate action can be determined and implemented. Whenever AATI is required to submit PPAP to their customer, suppliers with PPAP documentation over one year old may be required to re-PPAP as directed by the AATI Quality Department.

2.13 IMDS Requirements

The European End-of-Life-Vehicles (ELV) Directive 2000/53EC that was entered into force on October 21, 2000 imposes specific rules for materials used in cars. All suppliers of AATI are responsible to ensure that the ELV is fulfilled, and needed to inform AATI about the contents of every part deliver to AATI through the IMDS.

IMDS (International Material Data System) allows the OEM's and suppliers to collect and to manage the information regarding the material and substance composition of all components of a vehicle so that compliance to the ELV-Directive is documented. AATI suppliers are required to report the contents of the products they supply to AATI in the IMDS under IMDS ID number **22904**.

Liability rests with the supplier in the event the component/s being supplied to AATI does not conform to the relevant statutory requirements. Any and all costs incurred in such instances will have to be borne to their full extent by the supplier, not by AATI.

Any of AATI IMDS may be obtained by contacting AATI PPAP Coordinator.
(Visit AATI's Website at: www.advancedautotrends.com)

2.14 Verification Reviews of Purchased Product

The supplier shall allow AATI, an approved 3rd party representative, or our customers, the right to verify at the supplier's premises, that the product and subcontracted product(s) conform to specify requirements. Prior to conducting such verification reviews, the responsible AATI contact shall specify both the arrangements and method of performing the reviews.

2.15 Product Identification and Packaging

Each container, rack, box or pallet of material shipped to AATI shall be identified as instructed by the AATI.

At a minimum, Supplier Identification, Part Number, Engineering Level, Quantity and Batch/Lot Number must be clearly legible in both human readable and bar code form on the part-packaging label.

Identification shall permit traceability back to the specific supplier raw material lot numbers, as well as the manufacturing, inspection and test records. The supplier should be able to trace where products were made under similar conditions (same raw material lot; same manufacturing line/batch, etc.) were shipped. Suppliers are required to utilize and ship material on a first in first out (FIFO) basis. Either a date code or batch/lot number must identify sequence of batches on the packaging label. Safety related identification criteria shall conform to all government regulatory requirements. No exceptions to this requirement shall be permitted unless acknowledged in writing by AATI.

As requested, material certification must be with each and every shipment or can be fax/mailed as long as it reaches AATI before the product is received at the shipping department.

Suppliers shall ensure their products are transported in a manner that prevents damage or deterioration to the product.

2.16 Delivery Performance

The supplier shall provide 100% conformance to the delivery requirements as specified by AATI. AATI is not responsible for any damage during delivery. The supplier will incur all cost related to any lost or damaged shipments to AATI.

2.17 Contingency Plans

Suppliers are required to prepare contingency plans (e.g. utility interruptions, labor shortages, key equipment failure and field returns) to reasonably protect AATI supply of product in the event of an emergency, excluding natural disasters and/or "acts of God".

2.18 Supplier Problem Solving

Suppliers shall have trained personnel with the ability to quickly and permanently resolve product and process issues using data driven problem resolution tool and techniques. Problem resolution must be conducted using a defined, structured process like the 8 – Discipline (8D) process or any process that includes verification of the root cause and validation of corrective action effectiveness.

Product design-responsible-suppliers must use reliability methods during the product design and verification and validation phases of the APQP process in order to ensure the robustness and durability of their product design of the intended application or as specified by AATI.

2.19 Supplier Performance Ratings

AATI production suppliers are required to monitor their performance monthly. AATI will send out quarterly performance scorecard via e-mail. The supplier should report any errors in the data to the AATI Quality Department so it can be corrected. This is important since the data is utilized by AATI to help work with suppliers, ensuring that they remain in good standing.

2.20 Incoming Quality

A nonconformance report (e.g. NCM, inspection report), is issued when an AATI receiving site receives material or service that fails to conform to applicable quality and delivery specifications. Within 24 hours of receipt of the nonconformance report, the supplier is required to submit an initial 8D to the AATI Quality Department. At a minimum, this corrective action shall identify the problem and the immediate containment actions taken that will ensure against shipment of additional nonconforming product.

For any nonconformance that cause's a major disruption (e.g. stop shipment, line shutdown, yard holds), an action plan that thoroughly addresses the issue/s is required immediately (within 48 hours), after notification.

A completed, finalized 8D report shall be submitted no later than thirty (30) calendar days after receipt of the nonconformance report, unless otherwise arranged/communicated between the supplier and AATI Quality Department.

Costs/charges incurred by AATI that are associated with the shipping, handling, processing, reworking, inspecting, engineering verification and replacing supplier defective material, including the costs of value-added operations prior to its discovery, are the responsibility of the supplier.

2.21 Containment Requirements

- a) Containment of new production parts starts with Pre-Production builds and continues through the first 90 days of production after PPAP approval. For new suppliers, at least 3,000 pieces must be put through new production containment even if this requires extending containment over the 90 days.
- b) New Production Containment requirements will be documented by the supplier in their Pre-Production Control Plan and must be reviewed by the AATI receiving site quality engineer for concurrence prior to any Pre- Production builds. Concurrence from AATI does not relieve the supplier of responsibility or accountability of delivering 100% conforming product to AATI, on time.
- c) Suppliers may exit new production containment if they have achieved zero defects at the point of containment for 90 days after PPAP approval unless otherwise specified by AAT. Should any defect be encountered during the containment phase, the counter is reset and 90 clean-days must be achieved from that point.
- d) As required, suppliers are to submit inspection data with each lot shipped to the receiving AATI plant. This should include variable measurement data, where applicable.
- e) Suppliers shall develop action plans to address failure mode issues or capability improvement needs.

2.22 Containment of Nonconforming Parts

Suppliers shall implement a Level 1 Containment immediately upon notification by AATI of a nonconformance. Level 1 containment shall include, at a minimum:

- a) Submission of a documented action plan for the containment of all parts within the supply chain. This includes, but is not limited to, parts at the supplier, in transit and at the AATI receiving plant.
- b) Communication of the manner in which product will be identified, e.g., quality assured/inspected by container or individual product.
- c) On-site support to AATI and in conjunction with AATI personnel, to AATI customers as required.
- d) Utilization of a third party inspection service when circumstances prevent the supplier from providing expedient and efficient containment.

Suppliers, whose containment actions have been ineffective, may be placed on Level II Containment. Level II includes all of Level I with the added inspection by an AATI approved 3rd party. The approved 3rd party will be contracted and paid for by the supplier. Based on the severity of the issue, AATI may elect to have the supplier go directly to Level II Containment.

Supplier shall remain on containment (either Level I or Level II) until permanent corrective action/s have been implemented and its effectiveness validated. Suppliers may exit from Level I, or Level II Containment when the following criteria have been met.

- a) 30 days of production have shown zero defects at the point of containment unless otherwise specified by AATI. If a defect is found at containment during this time, the counter is reset and 30 clean-days must be achieved from that point.
- b) A full problem solving report (8D), with supporting evidence of the concern that caused the containment to be initiated, has been submitted to the AATI Quality Department and closure has been agreed upon.

Suppliers are required to accept all costs and charges incurred by AATI associated with the containment activity such as shipping, handling, processing, reworking, inspecting

and replacing defective material, including the costs of value-added operations prior to the discovery of the nonconformance, as well as 3rd party inspection costs.

2.23 Product or Process Deviations

It is the policy of AATI to not accept product that does not meet the requirements of the applicable drawings and specifications. Prior to shipping any suspect material, a request for a deviation must be submitted to the AATI Quality and/or Engineering Department for review and approval (obtain AATI customer approval, as required). Deviations shall be approved only for a specific time period or quantity of parts. Unless extenuating circumstances exist and are agreed upon by all affected parties, no permanent deviations are permitted.

A deviation request shall be accompanied by a problem solving report (8D). This report shall include the identification of a clean point and the manner in which product will be identified, including how traceability will be maintained.

2.24 Charges for Supplier Responsible Nonconformance

The AATI Quality and/or Purchasing Department may impose an appropriate charge for anyone of the following reasons:

- a) Nonconformance Report (e.g. NCM), and debit issued (this includes nonconforming services.
- b) Nonconforming Product Deviation Requests.
- c) PPAP submission rejections, delays or shipments of unapproved product.
- d) Delivery Performance Failures (in addition to any specific costs incurred by AATI associated with the failure).

A supplier who causes an AATI line shutdown, may be required to reimburse AATI for the full cost of production downtime, as well as any OEM imposed charges that apply.

If a supplier believes that they have been unfairly charged for administrative fees, they shall contact their quality representative to initiate a dispute resolution process. Note: Dispute resolution regarding an actual nonconformance should be handled through the AATI Quality Department.

Plant 1: 2230 Metamora Rd. Over-Molding; Assemblies; Sewing
Oxford, Mi. 48371
Office: 248-628-6111
Direct: 248-628-7247
Fax: 248-628-2081

Plant 2: 3485 Metamora Rd. Small size Molding/Over-Molding
Oxford, Mi. 48371
Office: 248-628-4850
Direct: 248-628-6392
Fax: 248-628-2210

Plant 3: 3279 W. Snover Rd. Medium/Large Molding/Over-Molding;
Snover, Mi. 48472 Stamping; Assemblies
Office: 810-672-9291
Direct: 810-672-9203
Fax: 810-672-9237

Approvals:

President / CEO:	<u>Brett Healy</u>	Date of Approval:	<u>11.7.2018</u>
Quality Manager:	<u>Richard C. Koshorek</u>	Date of Approval:	<u>11.7.2018</u>
Material Control:	<u>Lori Murray</u>	Date of Approval:	<u>11.7.2018</u>

3.0 Revision Record and Approvals

