

Fontana America, Inc.

For use with current IATF 16949 and ISO 14001 editions



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1.0 GENERAL

Throughout this Supplier Requirements Manual, the term “FAI” means Fontana America, Inc. which includes Acument Global Technologies, Inc., Fontana Frankfort Indiana, Camcar LLC, Ring Screw LLC, and their subsidiaries and affiliate companies. This Supplier Requirements Manual applies to all external direct suppliers, including customer designated suppliers, to FAI - North American business unit.

1.1 Standards of Business Conduct

As FAI employees, we are expected to carry out the company’s business with honesty, integrity and high ethical standards, and in compliance with the laws and regulations of the countries in which we conduct business. These standards must govern our conduct when making decisions which affect FAI.

1.2 Conflicts of Interest

FAI respects the right of all employees to engage in personal activities outside of work. However, each of us has the responsibility to avoid activities which conflict or appear to conflict with our job responsibilities or the interests of FAI. Any employee activity which may involve a conflict of interest or even the appearance of a conflict of interest must first be approved by the employee’s direct supervisor with the assistance of the employee’s ethics/compliance officer or FAI legal counsel. The following are examples of conflicts of interest:

- Engaging in employment or any other activity that interferes with our ability to devote the required time and attention to our job responsibilities at FAI.
- Holding a significant financial interest in a current or prospective customer, supplier or competitor of FAI, or serving as an employee, consultant or director of that business.
- Directing FAI business to a supplier owned or managed by a relative.
- Using confidential company information or improperly using company assets for personal benefit or the benefit of others.

1.3 Social Responsibility

FAI is committed to supporting the progressive development of society through constructive contributions in applicable areas. Suppliers are required to meet all of the social requirements in the following areas:

1. Ethics
 - Report any illegal or suspicious activities
 - Engage in anti-bribery and anti-corruption practices
 - Promote fair trade practices
2. Human Rights
 - Comply with the United Nations Universal Declaration of Human Rights
 - Comply with all applicable legal regulations regarding health and safety
 - Prohibit the use of child, convict, slave or other forced labor
3. Diversity
 - Have in place a non-discrimination policy based on race, nationality, ethnicity, religion, disability, sex, sexual orientation, and/or age.
 - Encourage the use of woman, veteran, and/or minority owned suppliers
4. Sustainability
 - Establish Environmental Objectives that reduce the consumption of natural resources.
 - Operate within an Environmental Management System.

1.4 Gifts and Entertainment

Each area where FAI operates has local customs for giving and receiving gifts and entertainment. We must avoid exchanging gifts that exceed customary amounts and frequency. Employees must follow the guideline that all gifts and entertainment, whether given or received, must be of a value of U.S. \$50 or less. The giving or receiving of gifts

of a value in excess of U.S. \$25 requires the approval of the employee's direct supervisor with the assistance of the Company Compliance Officer/General Counsel. Any gifts which are not permitted or have not been approved should be declined or turned over to the Company.

1.5 Environmental Protection, Health, & Safety

We are committed to being an environmentally responsible company and providing a safe and healthful workplace for all employees, visiting suppliers and stakeholders. We will achieve this through defining and fulfilling our compliance obligations, creating environmental objectives and protecting the environment by preventing pollution. We are committed to the health and safety of all our employees, contractors, and the community. We believe all work-related injuries, illnesses, and environmental incidents are preventable. Therefore, it is our goal to establish and maintain a culture that works toward achieving zero work-related injuries, illnesses, and uncontrolled environmental releases. We will provide the necessary training and resources to achieve a safe workplace and environmental control. We comply with all applicable environmental, health and safety (EHS) laws and regulations in every county in which FAI does business. Where there are no environmental, health and safety laws, or where the legal requirements do not adequately protect the environment or workplace, FAI takes appropriate action. EHS managers and Company legal counsel are available to provide information on applicable laws and regulations.

1.6 C-TPAT Compliance of Certification

C-TPAT is a joint initiative of U.S. Customs and Border Protection and the trade community that was established in 2002 to reduce the threat of terrorism by means of protecting the integrity of cargo imported into, further processed or warehoused in, and/or exported from the United States. All suppliers to FAI are required to adhere to C-TPAT requirements in accordance with the criteria identified on <http://www.cbp.gov>, for importers.

1.7 Conflict Minerals

Supplier commits to comply with the Conflict Minerals provision (Section 1502) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), and its implementing regulations. In particular, Supplier commits to implement a supply chain policy and processes to undertake (1) a reasonable inquiry into the country of origin of Conflict Minerals incorporated into products it provides to Buyer; (2) due diligence of its supply chain, as necessary, to determine if Conflict Minerals sourced from the Covered Countries directly or indirectly support unlawful conflict there, and (3) risk assessment and mitigation actions necessary to implement the country of origin inquiry and due diligence procedures. For more information, please see Conflict Mineral Policy Statement.

1.8 Equal Opportunity

EEO Clause for Veterans: This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This rule prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.

EEO Clause for the Disabled: This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This rule prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

1.9 Standards

Throughout this Supplier Requirements Manual, the term FAI is understood to mean FAI Global Technologies and their affiliate companies. All suppliers shall conform to the latest issue of the appropriate standards as follows:

- Component Parts and Fasteners – IATF 16949
- FAI Customer-Specified Materials – IATF 16949
- Chemical and Raw Materials - ISO 9001 and/or IATF 16949
- Other Direct Suppliers – ISO 9001
- Commercial – ISO 9001
- Calibration and Laboratory Services – ISO/IEC 17025

- Other Industry Specific Standards as applicable, and/or as contractually obligated

1.10 Exceptions

Conformance with these requirements may only be waived by FAI purchase order, FAI purchase contract, or in writing from an FAI Purchasing representative, with the concurrence of the FAI North American Quality Director.

*Original equipment manufacturers (OEM) may be utilized as calibration suppliers to calibrate equipment that they originally manufactured and when a qualified laboratory is not available. In the case of a non-accredited OEM, FAI encourages the OEM to achieve accreditation to ISO/IEC 17025. The OEM may be considered acceptable for traceability if they meet and provide requirements listed in IATF 16949 Section 7.1.5.3.1.

1.11 Required References

For suppliers that meet the applicability requirements of IATF 16949 / ISO 9001, The Automotive Industry Action Group (AIAG) has published several manuals standardizing procedures, reporting formats, and technical nomenclature which are required by Fiat-Chrysler, Ford, General Motors and other subscribing customers. It is necessary to obtain current editions of each of these manuals to fully comply with the requirements of IATF 16949 / ISO 9001 and FAI's expectations of its suppliers. Copies of these publications can be ordered from AIAG at <http://www.aiag.org/Index.cfm>.

- Quality Management System Requirements (IATF 16949)
- Production Part Approval Process (PPAP)
- Fundamental Statistical Process Control Reference Manual (SPC)
- Measurement Systems Analysis Reference Manual (Gage R&R studies)
- Advanced Product Quality Planning and Control Plan Reference Manual (APQP)
- Potential Failure Mode and Effects Analysis Reference Manual (FMEA)
- CQI-9 Special Process: Heat Treat Assessment (Heat Treat suppliers)
 - For all applicable components, it is a requirement that heat treat suppliers must comply with the CQI-9 Heat-Treat System Assessment. Suppliers must ensure that they complete the survey, meet the minimum requirements of the standard, and maintain their compliance. The assessment can be found at www.aiag.org.
- CQI-11 Special Process: Plating System Assessment (Plating suppliers)
 - For all applicable components, it is a requirement that plating suppliers must comply with the CQI-11 Plating System Assessment. Suppliers must ensure that they complete the survey, meet minimum requirements of the standard, and maintain their compliance.
- CQI-12 Special Process: Coating System Assessment (Coating suppliers)
 - For all applicable components, it is a requirement that coating suppliers must comply with the CQI-12 Coating System Assessment. Suppliers must ensure that they complete the survey, meet the minimum requirements of the standard, and maintain their compliance.

FAI reserves the right to perform spot inspections of coating and plating processes in order to review conformance. In addition, suppliers must have the capability of in-house or 3rd party torque and tension testing during APQP and annual validations to insure performance requirements within specifications.

1.12 Customer Specific Requirements

In addition to the manuals listed above, suppliers are required to obtain and comply with the following standards/specifications, as applicable:

- Raw Material Specification: AGT-2282 for all operations except Fontana Frankfort, IN which uses LE1.1.
- OEM / Prime customer specific manuals and specifications as they apply to the suppliers' end item customers

Exceptions to these requirements shall be documented in FAI - North American Purchase Orders on a case by case basis.

1.13 Approved Certification Bodies

FAI requires third party accreditation by certifying bodies that maintain IATF, ANAB, A2LA, and/or national bodies accreditation.

1.14 Management Responsibility

In addition to the requirements of applicable industry standards, each supplier shall maintain an organization chart that shows personnel who are responsible for each element of the quality management system and their lines of authority and responsibility. This document and the Quality Policy shall be available for FAI review.

2.0 DISTRIBUTION OF FAI NORTH AMERICAN SUPPLIER QUALITY MANUAL

This manual is written under the direction of FAI Supply Chain and FAI Quality. FAI Supply Chain, FAI Quality and/or purchasing personnel, issues controlled copies of the manual. Manufacturing facilities and suppliers may make uncontrolled copies for internal use only. However, such uncontrolled copies will not be updated. It is recommended that each supplier contact the appropriate FAI Supply Chain representative to obtain at least one controlled copy for each facility that supplies products or services to FAI.

3.0 SUPPLIER/CUSTOMER PARTNERSHIP AGREEMENT

FAI realizes that only by developing partnerships with our suppliers will we be able to achieve the goal of exceeding the expectations of our internal and external customers. In an effort to establish a basis for these partnerships, FAI has established the following guidelines for conduct with our suppliers.

3.1 Expectations of Suppliers

FAI expects our suppliers to:

- Meet and/or exceed FAI expectations,
- React with concern when FAI expectations are not met, by taking immediate steps to resolve deficiencies and by implementing corrective and preventive actions to prevent recurrence within 10 days of occurrence (unless otherwise agreed-upon by FAI),
- Embrace the concept of never ending, continual improvement and zero (0) nonconformance in all aspects of FAI expectations,
- Show a willingness to establish relationships with FAI,
- Act in an open and ethical manner, treating FAI with trust,
- Strive for prevention in place of detection when developing products and processes,
- Support cost reductions similar to those required by OEM's,
- Support Lean Manufacturing,
- Support APQP,
- Support problem solving process to identify root causes and fix issues with permanent solutions,
- Achieve and maintain applicable industry standards,
- Be Automatic Shipping Notice (ASN) capable if required,
- Provide Master Pallet Labels, as required (Purchased Parts Only),
- Continuous improvement activities to meet FAI requirement of zero defects and 100% on-time delivery,
- Maintain "Pay on consumption" inventory reduction program (JIT, consignment, etc.),
- Accept FAI Supply Chain purchasing methods, releasing, and forecasting,
- Support Product Development Team's (PDT's) and launches,
- Meet or exceed our customer agreements for Year-Over-Year improved economics at best-in-class pricing,
- Maintain a documented program of continual improvement,

- Provide SDS upon request and get FAI approval prior to bringing on FAI property,
- Maintain a Contingency Plan,
- FAI Sites operate an Environmental Management System that is certified under ISO 14001,
- Meet the IMDS, REACH, Rohs, Conflict Minerals requirements as required by law.

3.2 FAI Rights

FAI reserves the right, in conjunction with or through its suppliers, to:

- review subcontractor's documentation required by this Supplier Quality Manual, other FAI requirements or IATF 16949 (or other applicable industry standard),
- have access to the subcontractor's premises or working area so that the supplier and FAI can verify that the subcontractor is conforming to specified requirements.

FAI reserves the right to de-source suppliers holding active certifications that do not meet minimal contractual requirements.

4.0 KEY SUPPLIER PERFORMANCE MEASURABLES

As part of our continual improvement efforts, FAI will track the following supplier performance measurables and work with key suppliers to improve them.

4.1 Key Supplier Performance Expectations

Quality Performance

Customer Disruptions (including Field Returns)	Zero Rejections
Incidents of Premium Freight (Supplier Responsible)	Zero Incidents
Level I or Level II Containment Notifications	Zero Notifications
Parts Per Million Defective (PPM)	Zero PPM
On-Time Delivery	100% On-Time

4.2 Key Supplier Rationalization (As Applicable):

4.2.1 Performance

The Final Response Time to Requests for Corrective Actions done by the assigned due date or agreed upon date with FAI operations, 10 calendar days is default.

The Percentage of first-time and on-time PPAP Accepted is expected to be 100%.

4.2.2 Assessment

Suppliers shall have action plans and measurables to reduce costs and pipeline of projects to continuously improve to maintain best-in-class pricing.

4.2.3 Supplier Performance

Suppliers that fall below FAI expectations will be notified. Key suppliers are monitored through supplier scorecards. Suppliers that do not meet the minimum score required for a three month period will be required to submit an improvement plan. Such notification may require that corrective action is sent to FAI SQE with copies to the FAI buyer. Failure to comply with a request for corrective action will result in a second notification requiring documentation presented at FAI location. Failure to comply with a second notification will result with the supplier being placed on quote hold and/or probation. Failure to comply with the second notification may result in the supplier being resourced.

5.0 QUALITY MANAGEMENT SYSTEM

The supplier's Quality Manual, policies, and procedures shall be available for FAI review.

5.1 Quality System Registration

This manual defines the procedures and requirements that involve our suppliers and sub-suppliers. All suppliers are required to be 3rd party registered to current edition of IATF 16949 or at a minimum ISO 9001 with the ability to demonstrate compliance to IATF 16949 (refer to the ISO 9001, IATF 16949 current versions available through AIAG)

In addition, all sites except Burbank operate an Environmental Management System certified under the current edition of ISO 14001. Suppliers and sub-suppliers shall work to comply with CQI-19 (available through AIAG) for the purposes of controls and systems driven performance. This requirement is specific to our process (manufacturing value stream) suppliers.

This manual applies to all (production, non-production) material and service suppliers (direct) and sub-suppliers (indirect) that do business with FAI and describes the minimum requirements expected. This manual does not alter or reduce any other contractual requirements covered by purchasing documents or requirements of engineering drawings or specifications.

Potential suppliers who currently are not registered to a Quality standard; such as, small job shops or outsourced 3rd party providers, may be scheduled for a 2nd party audit to assess compliance to the required standards (see Supplier Quality Assessments*). Suppliers who do not meet this criteria are expected to begin the registration process to IATF 16949 current version immediately (refer to 1st paragraph above). The Supplier must provide FAI Purchasing and Quality Departments with an action plan for review and approval. The approved action plan must reflect detailed timing of the registration process. Please contact the specified FAI facility if this is applicable.

Where certification to Federal Regulations; such as, the Federal Motor Vehicle Safety Standards published under Public Law, are applicable; 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 Quality Assurance Department Quality Manager, at the appropriate FAI facility, and is in addition to the original compliance documentation.

5.2 Request for Quotation

Prior to award of any business, the supplier may be expected to complete a FAI Request-for-Quote (RFQ) with complete detailed cost breakdown. Should a discrepancy between the supplier's layout and our layout occur, then our layout is to be followed. Directed buys or single-sourced product does not have to follow this requirement.

5.3 Supplier Quality Questionnaire

A Supplier Quality Questionnaire, FAI-003 as shown in Appendix A, shall be completed with new suppliers, or as requested, under consideration for award of business. All potential new suppliers may be subject to a pre-award audit that will be conducted by FAI's Supplier Quality team. During this audit, FAI will assess the risk level of each supplier for each part being supplied. The supplier shall send the completed questionnaire to the FAI Supply Chain - Purchasing group.

A "major change" is defined as, but not limited to:

- acquiring additional companies,
- addition/deletion of capabilities,
- change in process of product certification or licensing,
- change of ownership or controlling interest,
- expansion of new facilities,
- change in product mix,
- address change,
- legal name change,

- change in equipment used to process FAI component,
- primary contacts.

5.4 Supplier Quality Management System

FAI is committed to continually improving our supply base and is requiring that all suppliers of component parts and secondary processors be registered to IATF 16949, ISO 9001, or the applicable industry standard(s).

All suppliers of laboratory and/or calibration services are required to be accredited to ISO/IEC 17025 (except OEM).

Suppliers are required to provide a copy of their current registration to FAI Supplier Quality. If a supplier is not currently certified, the supplier is required to provide a date when their facility will be registered. Exceptions to this rule can only be negotiated with an FAI Purchasing representative. All FAI plants are IATF 16949 and ISO 9001 registered.

FAI may publish new goals for these objectives at our discretion. Suppliers demonstrating their ability to meet and exceed these goals on an ongoing basis will be recommended for preferred supplier status. Suppliers with preferred status will be given the opportunity to participate for long term agreements. All key direct suppliers, including customer designated suppliers, are required to meet these requirements. FAI reserves the right to contact a supplier's registrar if the supplier does not resolve quality problems in a timely manner.

5.4.1 Supplier Quality Assessments

FAI will require the suppliers to assist in conducting self-assessments and/or audits to ensure the quality of the product or process being provided FAI. This assessment is not considered as a 2nd party assessment as required by IATF 16949 and customer-requirements. Findings during these audits should be used to develop action plans to insure compliance and solid scoring in the 2nd party audits. In addition, this practice is integral to continuous improvement.

5.4.2 Supplier Survey/Audits, Performance and Approved Supplier List

FAI evaluates and selects new suppliers, and evaluates key current suppliers, on their ability to meet its requirements. This evaluation process takes place in a cross-functional team. FAI Supply Chain maintains the Approved Supplier List. Criteria used to determine eligibility for this list is as follows:

- Suppliers who are registered to IATF 16949, ISO 9001, or who have been audited by an FAI customer may, at the discretion of FAI, have the initial on-site audit waived.
- On-site audits of suppliers may be conducted at a frequency determined by FAI Purchasing, SQE and/or FAI Quality. In some cases, suppliers who have successfully completed a third party audit (including FAI customers) will not be audited by FAI. Audits shall be performed using the requirements of the applicable industry standard and this manual.

5.4.3 Audit Results

At the end of an audit the supplier shall receive a written report summarizing the findings and explaining any corrective action that may be required. The lead auditor will distribute an audit report within FAI. The supplier shall receive a copy of this report. A corrective action plan is to be submitted within 30 days of the audit.

5.5 PPAP

As part of the PPAP process sub-suppliers for FAI must adhere to the AIAG guidelines for Level 3 PPAP submission as default and have a form of APQP system in place.

FAI requires a full PPAP submission unless otherwise detailed in the Purchase Order. Level 3 is the default level for all PPAPs; however, the receiving FAI plant may require at its discretion a level 4 or 5 based upon priority, risks, or new supplier. Any deviation to the Level 3 default will be provided to the supplier in writing. It is the responsibility of the supplier to be aware of and conform PPAPs to the latest final customer specific requirements.

AIAG provides manuals including PPAP, FMEA, Control Plans, MSA, etc. to reference for PPAP submissions. Customer Specific Requirements take precedence over AIAG requirements. It will be the responsibility of the Supplier to ensure that the PPAP reflects the latest revision level of the controlled drawing used by FAI.

It is the responsibility of the Supplier to adhere to and incorporate into their systems any appearance items or special characteristics as directed by either OEM print driven items for FAI requirements and overall customer satisfaction. Pass-through characteristics must be documented on the PFMEA and Control Plan and validated at the supplier with adequate controls and under the oversight of the FAI Plant Quality Manager and the FAI Supplier Quality Engineer.

FAI requires proper advanced notification and written consent prior to any process or material changes. For supplier-initiated changes, it is the supplier's responsibility to notify FAI and submit for part approval prior to the first production shipment. This applies to all situations identified in Table 3.1 and Table 3.2 of the AIAG PPAP Manual, 4th Edition. This includes location changes and significant changes to equipment parts are processed with/in/by. In some cases, FAI may waive this requirement; when this happens, the supplier must review all items in the PPAP (FMEA and Control Plan specifically) and update them as necessary to reflect the current process.

Suppliers are expected to submit PPAP packages, in their entirety, to the appropriate Plant Quality Manager or designate before the agreed-upon date. FAI will review the submission and give one of three responses:

1. Full approval indicates that the part or material meets all specifications and requirements. The supplier is authorized to ship product. Unless otherwise agreed upon, supplier can only invoice for tooling when they achieve full PPAP approval.
2. Interim approval permits shipment of production for production requirements on a limited time basis. The supplier must submit, at the time of PPAP, an action plan to address the issues preventing the PPAP from obtaining full approval.
3. Rejected means that the submission does not meet the specifications and requirements. FAI will state the reasons the submission was rejected on the PPAP warrant and return the warrant to the supplier. A corrected PPAP must be submitted and approved before the supplier can ship product. Tier-2 suppliers are responsible for the PPAP submission and approval of subsequent tier used in the processing or manufacture.

5.5.1 Annual Validation

As FAI is required by certain customers to provide annual validation for process controls and adherence, the sub-tier suppliers to FAI will also be required to provide annual validation data in advance of FAI's required submission date(s). It is the responsibility of the sub-tier to track due dates and provide SPC information and any applicable FMEA or Control Plan modifications and/or upgrades during this time.

As previously noted any significant changes to process [location, material usage, appearance or structural changes, packaging, dunnage, etc.] must be approved in advance by FAI's Quality and Supply Chain Departments prior to any changes being initiated. If these changes are noted at the time of an annual validation then all material provided in the time frame between the previous validation period and the current will be considered suspect. Sub-tiers will be subject to significant financial penalties and possibly de-sourced.

In addition to the above, annual validations must be accompanied by the following documents to show continuous improvement and outside certification maintenance:

- IATF 16949 and/or ISO 9001 (applicable standard per supplier)
- CQI Special Assessments including Tier Suppliers supporting FAI Programs
- Self Assessment (Supplier Quality Assessment form)
- Updated Key Contact List with any updates.

5.5.2 Material Certifications

A copy of the actual physical or testing measurements detailed in the OEM specification must be maintained on file at the production location and available upon request. Reference examples:

5.5.2.1 Plating/Coating/Heat Treatment

- Customer Specification to which material was tested
- Min/Max Specifications and Values
- Lot/ Batch Number for Traceability
- Estimated Quantity Shipped

5.5.2.2 Metals (ref. AGT-2282, and LE1.1)

The material supplier shall furnish with each shipment a signed test report certifying the following minimum information. Furthermore, the test(s) requested will be based on agreement between the purchaser and supplier.

- Date that the certificate was issued
- Steel supplier and address
- Mill source and address (if different)
- ID of purchasing FAI operation
- Purchase order number
- Material grade* and conditions (e.g. HRSA, SAFS, AKFG, SKCG, etc.)
- Wire or rod size
- Coil weight
- Heat number
- Chemistry
 - Original heat analysis for chemistry (including residuals as reported)
 - Product analysis for chemistry (if performed or requested)
- Technical requirements
 - Grain size
 - Spheroidization (if applicable)
 - Decarburization (if applicable)
 - Carbon restoration (if approved by FAI)
 - Heat treat response (if requested)
 - End-quench hardenability requirements (when appropriate)
 - Mechanical properties (i.e. tensile strength, yield strength, etc.)
 - Surface condition
 - Cleanliness
- Type of Coating
 - Coating weights (if applicable)

*Material grade on mill certificate shall appear exactly as shown in Table 6.1 or 6.2 of AGT 2282 or LE 1.1, when applicable. For example, the mill certificate should show “1021/1022” or “10B21/10B22”.

LE 1.1 refers only to the Fontana Frankfort, Indiana Operation. AGT-2282 applies to all other FAI locations. Spencer Operations also uses a steel spec MS101 for particular customer requirements.

5.5.3 Coatings, Platings

All coating and plating specifications should be fully understood and at the time of APQP and PPAP have defined Lower and Upper control (LCL and UCL) parameters established to comprise the sub-tiers' basis for SPC. The sub-tier can only use materials as called out on the print provided by FAI and said materials must be provided by an approved supplier if called out by the OEM. FAI reserves the right to perform spot inspections of coating and plating processes in order to review conformance. In addition, the sub-tier must have the capability of in-house or 3rd party torque and tension testing during APQP and annual validations to insure performance requirements are within specifications.

5.5.4 Metals

See 5.5.2.2 above.

5.5.5 Secondary Processing (EX: cutting, drilling, grinding, stamping, etc.)

For all applicable components, suppliers of secondary processes must use the provided print for dimensional controls that must be included in the final PPAP document.

All secondary work should be accompanied with an SPC analysis study that includes Ppk and CpK data. If a characteristic is not identified on the print the supplier should select a relevant characteristic and provide the following:

- Machine Cmk ≥ 1.67
- Short Term Process performance ≥ 1.67
- Long Term process capability ≥ 1.33
- The target for CpK at the time of submission is 1.67.
- The continuing CpK levels are 1.33 over time.

At any time if values fall below 1.33, the supplier must adjust their detection practices to perform a 100% sort function to reduce the propensity to ship non-compliant parts.

5.6 Tooling

The supplier is expected to maintain FAI owned and customer-owned assets located at their (sub-tier's) facility. It is the supplier's responsibility to track and identify FAI or OEM tooling in their facility, and the supplier must tag the tooling "Property of Fontana America Inc." These assets are to be used solely for the production of FAI products. When there is no future need for these assets, the supplier must request direction from the plant of origin for disposition.

Control of FAI owned / supplied equipment and Tooling – FAI owned / supplied equipment and tooling includes gages, test equipment and tooling supplied by FAI for use in production or maintenance or made by the supplier and paid for by FAI supplier shall:

- Use FAI Supplied Gages, Special Test Equipment, and Special Tooling on FAI purchase orders only and for only those purchase orders for which the items were supplied.
- Identify all tools and test equipment, unless size or use prohibits, with identification tag(s) ensuring legibility and permanency.
- Obtain written approval from FAI prior to making modifications or changes to gages, test equipment or tooling.
- Maintain, protect, and preserve tooling, test equipment, and gages.
- Be maintained for two years and then returned after the FAI purchase order is complete unless FAI directs otherwise.
- Contact the FAI Purchasing representative for your account before the transfer of gages, test equipment or tooling among supplier facilities (address location) or to other suppliers.
- Supplied gages, test equipment or tooling that become excess to the needs of the purchase order shall be reported to FAI.
- Obtain written approval from FAI before the disposal or destruction of supplied gages, test equipment or tooling.
- Report all cases of loss, damage or destruction of FAI's property in possession or control or property located at Supplier's second-tier suppliers to the FAI Supply Chain and Quality contacts within 24 hours of when these conditions are discovered.
- Maintain a record of all supplied gages, test equipment or tooling. The list shall be traceable back to the original tooling purchase order and job number.

5.7 Containment of Non-Conforming Material

The supplier must have a system implemented to ensure that "non-conforming" items are identified and quarantined to prevent introduction into production shipments. This includes the ability to quickly deploy 3rd party sorting companies in FAI and downstream customer facilities.

Should the supplier detect that products do not meet what is defined in the Purchase Order, drawings, FAI and customer supplied requirements and/or applicable standards and specifications, the supplier should immediately inform the Purchasing and Quality Departments of all impacted FAI plants.

Where non-conforming material has been shipped to an FAI facility, the supplier must submit a corrective action indicating their Containment Plan within 24 hours of receiving notification. The Containment Plan must include material in transit. In addition, a Supplier Cost Recovery Form, AGT-SC-003, will be issued after submission of the Containment Plan. Cost implications will be reviewed and agreed to by FAI's Quality and Purchasing teams.

5.7.1 Root Cause Analysis

FAI Quality Department requires that all suppliers use a root cause analysis tool to work on issues that have passed through to FAI's customers or been discovered during FAI's quality observation work. These tools include but are not limited to: Fishbone (Ishikawa) diagrams, A3 problem solving, 5 Why analysis, and Shainin Red X studies.

5.7.2 Corrective Action Requests

Suppliers receiving a nonconformance are responsible for submitting Corrective Action as follows: If non-conforming material received by FAI from the supplier causes a major disruption (downtime) to production lines, and/or issue at FAI's Customer, the supplier shall respond within 24 hours with a containment plan and submit an approved corrective action plan within 10 days.

Any deviation from this requirement must be agreed to by the FAI Quality Department. All corrective actions must be implemented and verified within 30 days. An extension of up to 30 additional days may be granted with written approval from the issuing plant.

Upon receiving a Corrective Action Request from FAI, suppliers are required to immediately sort 100% of their product; including product at FAI plant(s), in transit, in warehouses, at the Supplier's production facility, etc., and to ensure that FAI's plants are supplied with enough certified stock to assure no disruptions to our customers' production. Material must be labeled as certified for the specific defect or defects for the next three shipments unless otherwise directed by FAI.

Disposition shall be provided for non-conforming material in the following manner:

- Use as is (with documented approval): material used, quantities not counted against defect total.
- Sort / Reprocess: supplier will be charged a standard sort / reprocess fee to the extent such fee is authorized in advance by supplier in writing; defective pieces found will be counted against defect total.
- Scrap: Removal of non-conforming material will be the responsibility of the supplier. Non-conforming material remaining over 48 hours will be scrapped and any related scrap fees will be charged back to the supplier, subject to supplier's prior written approval.

Suppliers are responsible for reporting accurate sorting results and to request adjusted effective quantities when appropriate. This can have an impact on the Supplier's defect calculation.

Suppliers are responsible for managing the use of outside sources for sorting and must make all arrangements to ship parts between FAI and any outside source. FAI will contact the Supplier for authorization to return the material at Supplier's expense (for example RMA and any associated expedite costs).

Defective parts returned to the Supplier, reprocessed and returned may still be counted toward the supplier's score. Reprocessed parts must meet specifications as defined by FAI quality personnel. The repairing of parts is not permissible without prior written authorization from FAI.

Evidence of the defect; such as, digital photos will be provided when possible. A sample of the defect may be sent to the requesting plant and FAI's customer(s) if needed. Verification of the implemented corrective action on-site at the Supplier may be accomplished during subsequent visits. If Corrective Actions take more than two weeks to implement, a progress report may be required that includes when the corrective action is to be completed.

Upon receiving a Corrective Action Request from FAI, suppliers are required to provide the following:

- Clear identification of the root cause. This cannot be a restatement of the issue.
- Interim Action and containment implemented
- Actions taken to correct issue
- Actions taken to prevent reoccurrence (i.e., error-proofing)
- Evidence of verification that actions taken were effective

- Lessons Learned or Read Across implemented

5.7.3 Escalation Process

FAI requires suppliers to assure that all material, services, and processes are in conformance to all specifications and requirements and are delivered within the defined delivery schedule. Repeat product and/or process issues, launch or delivery issues may initiate the use of Controlled Shipping at the expense of the supplier. FAI's escalation process for repeated incidence is initiated through the Escalation Process as follows:

- C1: 100% containment with documentation of work done and lot control
- C2: 200% containment with documentation of work done and lot control

A supplier failing to protect an FAI facility and/or our customers from repeated incidents will be subject to the escalation process, up to and including resourcing.

5.8 Controlled Shipping

For FAI, two levels of Controlled Shipping exist:

- **Level 1:** This includes a problem solving process as well as a redundant inspection process. The supplier's employees at the supplier's location enact the inspection process in order to isolate the customer from receipt of non-conforming parts/material.
- **Level 2:** This includes the same processes as Controlled Shipping – Level 1, with an added inspection process by a third party representing FAI or FAI's customer's interests specific to the containment activity. The third party is selected by FAI and paid for by the Supplier. Continued failure to meet expectations could result in removal from the Approved Supplier List.

Note: Suppliers at CS level 2 are not permitted to receive new, existing or transfer business until otherwise notified by Supply Chain (FAI). Application for an Exit Letter to Level 1 or 2 will be reviewed and approved by the FAI plant and FAI corporate quality provided all of the criteria and action plans have been met.

5.9 Supplier Chargeback

All charges to be applied against suppliers to FAI will be supported by root cause analysis performed by the charging FAI plant. Suppliers may be assessed an administrative charge of \$250.00 for all charges or instances of defects passing to FAI's customers when appropriate root cause analysis has confirmed the charged supplier is in fact at fault or largely at fault for the stated issue. An administrative charge of \$250.00 may be levied against suppliers that cause disruption to the value stream within FAI due to defects or disruptions caused by quality issues. Suppliers can request a review of any charges with the Director of Purchasing and the Vice President of Quality of FAI. The decision during this review will be considered final and binding. FAI values its supply base and will seek to be fair and equitable during matters of financial cost recoveries and in the process of performing root cause analysis.

6.0 PURCHASING

6.1 Purchase Order / Contract Compliance

The supplier must comply with all requirements as stated in the purchase order contract documents, including FAI's standard Purchasing Terms and Conditions found at the bottom of the page at www.acument.com, which govern every FAI purchase order contract.

6.2 Regulatory Conformity - Safety and Housekeeping

The supplier shall:

- Include in the safety program an emergency plan covering accidents, spills, fire and explosion
- Identify a representative to coordinate safety activities and to investigate and resolve safety problems
- Conduct routine safety inspections of the facility on a predetermined basis

6.3 Subcontractor Development

In addition to the requirements of IATF 16949, ISO 9001 suppliers shall comply with the following:

- Establish and maintain a subcontractor surveillance and performance rating system.
- Establish and maintain an “Approved Supplier” list; including criteria for inclusion or exclusion.
- Review subcontractor pre-production approval (PPAP or FAI as applicable) documents to ensure specified requirements will be met.
- Evaluate all subcontracted products or services to determine the amount of inspection, surveillance, and audits of subcontractor’s facilities required.
- Conduct such inspection, surveillance, and audits at a defined frequency.
- Evaluate the disposition of all reported nonconformances.
- Ensure corrective actions for all reported nonconformance are completed and verified.
- Shall not change subcontractors unless approved in writing by applicable FAI division.

6.4 Work Instruction

In addition to the requirements and applicable industry standards suppliers shall include or reference the following in the appropriate documentation (instruction sheets, route sheets, SPC procedures, etc.):

- sequence of operations,
- special working environments,
- work methods,
- characteristics and tolerances to be met,
- location of manufacturing process.

At a minimum, process procedures shall include detailed instructions of process functions that can be clearly understood by the operator. Any document revision level shall be identified on the procedure. Each process procedure/instruction shall be dated and signed by the authorized approver. Procedures shall be updated to reflect changes in processes, equipment, and customer requirements. These updates shall indicate a revision level, revision date, and authorized approval. Suppliers shall develop, implement, and maintain policies and procedures for all reprocess, repair and the use of reprocessed material.

6.5 Preventive Maintenance

The following requirements are in addition to those in applicable industry standards The supplier shall maintain a record for each tool, fixture or piece of equipment indicating the:

- Maintenance schedule,
- Description of the equipment,
- Identification number of the equipment,
- Maintenance procedures,
- Acceptance criteria,
- Action taken when results are unsatisfactory,
- Re-qualification of repaired equipment to manufacturer’s recommended frequencies,
- Critical spare parts.

The supplier shall maintain objective evidence that regularly scheduled maintenance has been performed and shall maintain this evidence for a minimum of three (3) years after completion of the program or transfer of tooling.

6.6 Product Identification and Traceability

In addition to the requirements of applicable industry standards suppliers shall comply with the following:

- This identification shall provide traceability through retained documentation to the specific lot or batch of each raw material used in its manufacture; individual parts or products shall have a unique identification. Suppliers

of assembled products must have a system to identify the lot or batch of each component in the assembly, as well as a lot or batch number for the finished assembly. The individual lot or batch numbers of components used must be traceable via the finished assembly lot or batch number.

- If stamps, electronic signatures, or passwords are used to identify acceptable quality products, suppliers shall establish and document the controls for these media.
- Whenever inspection is performed, a raw material lot is changed or production of a new lot or batch of product/parts is started, the raw materials used and their lot numbers shall be recorded on appropriate in-process documents.

6.7 Special Requirements for Secondary Processors

(Plating, Coating, Patch, Heat Treatment, Sorting, Machining, Etc.):

Upon successful completion of the required processing, the supplier must use a permanent marker to circle and place an "X" on their supplier code on the FAI Container Tag (Pan Ticket) signifying that the product has completed the process step. In instances where multiple operations occur at the same supplier, each supplier code shall be marked when the respective process step has been completed.

In the event of nonconformance, the supplier follows the "Reaction Plan to Most Common Issues" found later in the manual. The Pan Ticket type (pictures may vary from actual) may change or vary from operation to operation.

Unacceptable Tag

K03004		FINAL DESTINATION HD	
PART# C13C1220042		E/L 2	
LOT# K962L1F1156		WGT 1390	
DUE 07/29/2019		PCS 68822	
ROUTE EZ CC EZ HD			
REQ SUP			
MARK			

Properly Marked Container Tag (there are various types of tags among our operations), Notice that each outside supplier verifies that the process has been completed with a circle with an "X" in it (Colors Not Required)

v925g3-02		WGT: 639	
		PCS: 10,009	
264-98445-902			
SSWADH 05/28/19 40	VIHDLRG 05/30/19 50		
EV			

H00151		FINAL DESTINATION DT	
PART# 6102045AA		E/L A	
LOT# 802U1PV082		WGT 1304	
DUE 03/28/2005		PCS 1895	
ROUTE PV / MD / SS / DT / P9 / DT			
D 9.8A 1022 STL.MATL.RC 28-39		THREAD MB CARTON 9 X 9 X 5	

6.8 Control of Customer Supplied Product

The supplier shall ensure that all FAI-owned or FAI customer-owned property used or stored in the supplier's facilities are safeguarded. Suppliers are required to maintain an accurate inventory of FAI supplied material. The supplier shall maintain confidentiality on these items. The supplier shall permanently mark all such property so that the ownership is clearly visible. Customer property can include intellectual property such as data used for design, production, or inspection.

6.9 Preservation of Product – Packaging Requirements

In addition to the requirements of IATF 16949 Section 8.5.4, suppliers shall comply with Sections 6.10 - 6.19:

6.10 Packaging Design Intent

FAI requires that packaging design protects components adequately against surface and or structural damage. FAI plants must receive material and components in the same production quality condition as it left the suppliers' facility, regardless of the method of transportation. The design intent is to maximize density while allowing ease of use at FAI plants. Each pack design is to consider the material handling and storage environments it will encounter during transportation and use.

Returnable packaging is the preferred method when cost-justified and acceptable. Use expendable packaging as a backup for returnables, or as a primary packaging when returnables are not cost-justified. FAI may require that suppliers complete a "Packaging Specifications" sheet for each product supplied, for review by FAI's packaging support. An internal plant sign-off sheet must have all necessary approval signatures.

Supplier may consider receipt of approved copy as an authorization to proceed. Suppliers may be required to provide special handling for sensitive products and/or hazardous materials. Suppliers should confirm these requirements prior to quote. Suppliers are to review and evaluate packaging on an ongoing basis. FAI's objective is to keep packaging costs in line with all strategic goals and to meet those obligations.

6.11 Chemical Compatibility

The compatibility of chemicals (raw materials, intermediates, and final products) with containers including, but not limited to reaction vessels, blending tanks, storage tanks, and shipping containers shall be demonstrated. For chemicals, samples shall be taken from the shipping container and tested to verify they meet all applicable specifications. The environment (temperature, moisture level, atmosphere, etc.) of chemicals in shipping containers shall be controlled as appropriate to protect from environmental degradation.

6.12 Expendable Containers

All containers and multi-wall tubes must have a box maker's certificate with bursting or puncture test visible on the assembled container.

6.13 Load Shipments

Corrugated material used in shipping containers must have minimum test strength to adequately withstand the test of warehousing and transportation. Less than 275-pound, (125 Kg), test strength requires written approval from the FAI Supply Chain support.

Maximum height:

- 33"/837 mm for 3 high
- 50"/1269 mm for 2 high

Designed packages shall consider using the full width of trailers. Trailers are 48 or 53 feet / 15 or 16 meters long and 94" / 3 meters wide with a height from 102 to 110 inches / 3 meters, the inside length is 570" / 14 meters.

6.14 Load Securement

Banding is one method of unitizing a pallet load (2 bands lengthwise / 2 bands crosswise). Some acceptable stretch films are:

- LLDPE (linear low-density polyethylene)
- LDPE (low-density polyethylene)
- EVA (Ethyl vinyl acetate 12% min)

Stretch film should have a 50% film overlap up to the top of the load with a 3" / 76 mm excess at the top. Properly secure the pallet load by extending the film 3" / 76 mm below the top of the pallet. Suppliers of coiled and flat steel, stainless steel, aluminum and brass, shall reference AGT-2282 for packaging requirements.

6.15 Sealant and Closures

Adequately seal closures to prevent failure during handling. Closures may be stamped, glued, or taped to ensure positioning remains satisfactory during transit. Cover products that must be clean or protected from plant and or transportation environments.

6.16 Standard Small Parts Containers

Standard small parts are any nuts, bolts, screws, washers, bearings, small fasteners or similar dense materials. Ship all standard small parts in ¼ keg style containers. Recommended designs:

- full telescopic
- regular slotted
- returnable (reference AIAG)

Dimensions are nominally 9" X 9" X 4 to 6½" (23 cm X 23 cm X 10 to 16.5 cm). The standard fastener pallet is to be nominal 32" (81 cm) long and 30" (75 cm) wide. Maximum load height is not to exceed the minimum pallet base dimension.

6.17 Supplier Responsibilities

Suppliers shall maintain returnable container inventory levels, site coordination, and performance integrity necessary. The supplier shall develop and implement as well as maintain procedures to clean returnable containers and to verify the cleanliness of these containers. Suppliers may not use FAI owned returnable containers for uses other than those previously agreed to by FAI. In addition, suppliers are required to protect FAI returnable containers from theft or damage beyond normal wear and tear. Suppliers shall load products into containers and containers into transportation equipment in a manner that maintains the conditions of the product using only clean, undamaged containers. FAI will charge the suppliers the labor costs for cleaning containers before use.

6.18 Customs

Suppliers are required to be aware of and follow all applicable Customs laws and regulations relating to the export and import of materials sold to FAI. All shipments are to contain proper shipping documentation (packing slip, bill of lading, commercial invoice, customs declaration, etc.) to ensure border crossing.

6.19 Preservation of Product – Delivery

The number of containers and their manufacturing date shall be noted on all invoices and bills of lading. Materials shall be processed and shipped to FAI on a first-in, first-out (FIFO) basis unless otherwise authorized by FAI.

7.0 CONTINUAL IMPROVEMENT

7.1 Continual Improvement Plan

Suppliers shall develop an annual continual improvement plan, approved by upper management, which establishes measurable improvement goals, implementation dates and responsible personnel.

7.2 Cost Reductions

These costs shall be reported using a suitable base, such as cost-per-unit produced or cost as a percentage of total sales, etc. Suppliers are expected to reduce costs annually to offset all economics and OEM reduction programs. FAI will work proactively with its supply base to support cost reduction implementation, but expects suppliers to take the initiative in establishing projects that will generate savings. Suppliers will be expected to participate in formal cost reduction reviews as required by FAI.

8.0 METAL AND PLASTIC PARTS - ADDITIONAL REQUIREMENTS

All suppliers of metal and plastic parts to FAI shall comply with the following items.

8.1 Raw Material Certifications

The supplier shall receive and evaluate raw material certifications showing actual test results for materials used prior to use of each material. If material blending is performed by a subcontractor, the certifications for all virgin materials shall be maintained on file by the supplier for FAI review. Where there is a customer approved subcontractor list, the supplier must provide documentation for compliance.

8.2 Material Certification Verification Testing

Such testing shall be performed by a qualified test laboratory at a frequency specified in the supplier Control Plan approved by FAI. In the absence of a written agreement this testing shall be performed every six months. Test results shall be maintained on file for FAI review.

9.0 CHEMICAL SUPPLIER- ADDITIONAL REQUIREMENTS

All chemical material suppliers to FAI must address the following items. Certain requirements may conflict with those of other sections. If conflict occurs for chemical material suppliers, this section of the manual shall take precedence over all other sections.

9.1 Labeling and Handling

Labeling shall comply with all legislative and regulatory labeling and handling requirements. Supplier shall remove old labels or place new labels over the old labels which entirely covers the old label. Returnable totes must have the control label applied on the release placard between the identification labels.

Suppliers shall include all lot numbers per shipment on the Bill of Lading. Suppliers shall ship in material based on FIFO inventory management system. Each container shall have a "Use By Date" on each label.

9.2 FAI Specifications

Specifications written by FAI and distributed to supplier shall have a documented system for receipt, handling, and dissemination of these specifications within the supplier's organization.

9.3 Certificates of Analysis

From time to time chemical suppliers shall be expected to participate in certification verification testing coordinated by FAI Purchasing. On a random annual basis retained samples taken from shipping containers received at FAI may be returned to the supplier for complete testing of all properties on the Certificate of Analysis. The results are then reported to FAI for comparison to the original Certificate of Analysis. Any discrepancies are communicated to the supplier for resolution.

9.4 Sample Retention

Laboratory samples used to determine the test results shown on the Certificates shall be retained and stored in an environment that shall minimize damage, loss and or environmental deterioration. These samples shall be retained for at least one year after shipment of the product to FAI, unless otherwise agreed to by FAI.

9.5 Shipping Containers

Each shipping container shall be identified with the lot number and shall be traceable to a Certificate of Analysis. This shall also include the date of manufacture, net weight, lot number, and product identification at a minimum. The sequential numbering of shipping containers shall apply only to shipping containers of 55 gallons US (or metric equivalent) or less in capacity.

9.6 Changes in Processing and/or Materials

Any changes in processes, materials and or source of materials require resubmission and re-approval of the product in accordance with this manual.

10.0 DESIGN AND BUILD

Suppliers shall provide appropriate resources and facilities for the design and fabrication of models, tools, gauges or turnkey equipment. Tool design personnel must comprehend the key characteristics of the parts and processes involved. If any design or fabrication work is subcontracted, there shall be a method of tracking and follow-up to ensure timely completion of work.

10.1 Specifications

FAI suppliers shall obtain all applicable standards and specifications prior to quotation. Upon acceptance of purchase agreement, suppliers shall be responsible for meeting all applicable industry standards and specification requirements.

10.2 Changes and Authorization

Any and all changes proposed to quality plans by a supplier shall be documented in writing and resubmitted to FAI Supply Chain and Quality prior to implementation. Suppliers shall not proceed with any part of the proposed changes prior to receiving written authorization from FAI.

10.3 Dimensional Layouts

Suppliers shall have appropriate resources and facilities to perform full dimensional layouts of models, tools, gauges and turnkey equipment, both in body coordinates and by utilizing the part design dimensioning system. An FAI approved subcontractor may be used to support these activities. An appropriate system for tracking shall be established and approved by FAI prior to start of fabrication.

10.4 Tooling Management

Suppliers shall establish a system to ensure effective management and utilization of tooling systems. Suppliers shall submit for approval a design and build plan detailing, at a minimum, the following:

1. Name and telephone numbers of supplier contacts including identification of responsibilities,
2. Appropriate repair facilities and resources,
3. Effective storage methods for all models, tooling aids, etc.
4. Inspection points and data to be analyzed throughout the build phase including:
 - critical areas identified by FAI and/or the supplier,
 - areas which may affect any control characteristics as defined by FAI and customers,
 - the basis for finished product acceptance.

10.5 For Tools, Gauges, Fixtures, and Turnkey Equipment:

Supplier shall provide a review date to FAI to ensure all FAI and customer applicable national and state or provincial safety and ergonomic requirements are met and provide:

1. provisions for supplying FAI with a recommended preventive/predictive maintenance plan,
2. provisions for training FAI or other personnel including details of training duration and location,

3. proposed packaging and shipping methods of the finished product to FAI including shipping instructions and customs clearance when applicable,
4. statement of responsibility for installation in an FAI, or FAI customer, facility, including a detailed installation plan and statistical prove-out,
5. methods for statistical capability and conformance prove-out prior to shipment including:
 - sample size and statistical data work-up,
 - basis of qualification for all areas which may affect any end item control characteristic.

Formats such as sketches, prints and diagrams showing the location of valves, electrical lines, plumbing lines and connections as well as other peripheral equipment. Traceability to the source of key components of the equipment by part number, model number, and supplier must also be provided to FAI. All sketches, prints, wiring diagrams, schematics, etc. require FAI approval prior to build.

11.0 GLOSSARY

AIAG - Automotive Industry Action Group

Batch - (volume or lot) an identifiable collection of products, or quantity of material, of a single type, grade, class, size or composition produced in the same facility under continuous controlled conditions for a period not to exceed 8 continuous hours.

Calibration - comparing two instruments, measuring devices or standards, one of which is of known accuracy. To detect, correlate, report or eliminate by adjustment any variation in accuracy of the instrument or measuring device of unknown accuracy. All calibration instruments used by FAI suppliers must be traceable to NIST.

Campaign - to schedule production of compatible chemicals in a manner so that vessel cleaning is not required and residual chemicals in the vessel do not affect the performance of the chemical being produced.

Characteristic - any distinct property or attribute of a product, process or service that can be described or measured to determine conformance and nonconformance to specified requirements.

Disposition - an action to determine how a nonconformance is to be resolved.

Evaluation - an appraisal to determine if production processes and quality assurance programs are capable of producing a quality product or providing a quality service and generating evidence that supports decisions of acceptability.

FAI - Fontana America, Inc. This includes the following locations: Acument Global Technologies, Inc., Fontana Frankfort Indiana, Camcar LLC, Ring Screw LLC, and their subsidiaries and affiliate companies.

FIFO - First-in, First-out inventory management system. Materials shall be shipped in using FIFO as long as the material is not expired and can be reasonably consumed within a time frame that doesn't allow the material to expire before using.

Inspection - the examination, measurement, and testing of characteristics of processes, products or services to determine acceptability and the recording of resulting data.

Machine/Tool Potential Study - a preliminary assessment of the ability of a machine and its tooling (only) to produce parts to specifications consistently.

Nonconformance - a deficiency in characteristic, documentation or procedure which renders the quality of a product or service unacceptable or indeterminate. Examples of nonconformances are: physical defects, test failures, inadequate documentation, and deviations from prescribed processing or from any other part of the program.

OEM - Original Equipment Manufacturer

PPAP - Production Part Approval Process

Procedure - a document that specifies, as applicable, the purpose and scope of an activity; what shall be done and by whom, when, where and how it shall be done, what materials, equipment and documentation shall be used and how it shall be controlled.

Product Development Team - an FAI cross-functional team charged with bringing a new program from award of business through volume production.

Surveillance - the continuing evaluation, analysis and verification of a supplier's records, methods, procedures, products and services to assure that requirements are met.

Verification - independently reviewing, inspecting, examining, measuring, testing, checking, witnessing, monitoring or otherwise establishing and documenting that products, processes, services and documents conform to specified requirements.

All required forms may be obtained by contacting your FAI Supplier Quality representative.

12.0 PURCHASING TERMS AND CONDITIONS

FAI Purchasing Terms and Conditions are maintained at the bottom of www.acument.com.

13.0 REACTION PLAN TO COMMON ISSUES

If this happens:	Supplier's Reaction is:	FAI Location's Reaction is:	FAI Distribution Center's Reaction is:	Controls & Metrics
Quality Issue or Scrap Incident during processing of product	Isolate Material and contact the manufacturing plant for disposition. All product dispositioned as SCRAP, must be properly identified and returned to the manufacturing location. It is not to be scrapped at the supplier's location.	Investigate issue and provide disposition regarding product, SCRAP, Rework, Continue Processing with Special Handling, etc. Incident to be recorded as internal quality issue with appropriate corrective actions recorded.	Isolate Material and contact the manufacturing plant for disposition.	Distribution Centers and FAI Mfg Locations collect data to measure incidents recorded via internal quality concern process: Data published to FAI Quality, Supplier Quality, & FAI Purchasing and reviewed during management review meetings.
No initials, stamp, or sign off on routing tag, indicating completion of prior processing step.	Next upstream processor quarantines product, notifies Mfg Location, and awaits instructions. If instructions are not received within 48 hrs, product is returned to Mfg Location	Investigate part/lot combination to determine if routing step was missed, or if processor failed to sign off. If routing was missed, instruct supplier to return parts to Mfg. plant. If supplier failed to sign off, Mfg plant documents & emails verification to supplier with copy to appropriate Distribution Center (if applicable.)	If verification has not been received, quarantine parts and notify Mfg Location. When verification is received via email from Mfg location, attach a copy of email and/or supporting info to incoming specification documentation and or skid/tub/container. If verification is not received within 48 hrs, parts are returned to FAI Mfg. Location.	Distribution Centers and FAI Mfg Locations collect data to measure incidents recorded via internal quality concern process: 1.) Processing Completed, but Labels Not Signed 2.) Labels Not Signed due to Missed Routing Data published Monthly to FAI Quality, Supplier Quality, & FAI Purchasing and reviewed during management review meetings.
Container Tag Missing	Next upstream processor quarantines product, notifies Mfg Location, and awaits instructions. If instructions are not received within 48 hrs, product is returned to Mfg Location	Investigate probable part/lot combination via shipper/PO/container number to determine product info. Mfg division provides e-mail tag info to supplier to process with container. If routing was missed, instruct supplier to return parts to Mfg. plant. Otherwise, Mfg plant documents & emails verification to supplier with copy to appropriate Distribution Center.	If verification has not been received, quarantine parts and notify Mfg Location. When verification is received via email from Mfg location, attach a copy of email to incoming specification documentation. If verification is not received within 48 hrs, parts are returned to FAI Mfg. Location.	Distribution Centers and FAI Mfg Locations collect data to measure incidents of No Initials: 1.) Total Containers Received / Day 2.) Number of Container Labels Re-Created / Day Data published Monthly to FAI Quality, Supplier Quality, & FAI Purchasing and reviewed during management review meetings.
Number of Tubs Increases during Processing OR Product is re-packaged in cartons or boxes after processing	1) Initial all tags and include with shipment . 2) Label each container with "New Container Created in Processing by (Name of supplier)" label, and initials as required. 3) Identify all new tub numbers on shipping documents.	Not Applicable	Verify part / lot routing: Verify number of original containers & number of new containers. Reconciles processing sign-off. Receives material by normal incoming process.	No data requirements. Include in Layered Process Audits.
Sorting is Added, or is not included in normal routing	Sort supplier hand writes their supplier code and follows FAI-X-75 Sign Off Work Instruction.	Upon addition of sort to routing, notify appropriate Distribution Center via email.	Verify part / lot routing. Attach email notification from Mfg plant to incoming specification documentation.	No data requirements. Include in Layered Process Audits.

Parts are routed to a different sort supplier	Sort supplier hand writes their supplier code and follows FAI-X-75 Sign Off Work Instruction.	Upon re-routing sort to different supplier, notify appropriate Distribution Center via email.	Verify part / lot routing. Attach email notification from Mfg plant to incoming specification documentation.	No data requirements. Include in Layered Process Audits.
Parts are sent to the wrong supplier	Quarantine parts, Notify Mfg plant & await instructions. If instructions are not received within 24 hrs, product is returned to Mfg Location If written authorization to proceed is provided, hand write supplier code and follow FAI-X-75.	Arrange for parts to be shipped to correct supplier. OR Provide instructions and authorization to proceed to the supplier who received the product. Send copy to appropriate Distribution Center via email.	Verify part / lot routing. Attach email notification from Mfg plant to incoming specification documentation.	No data requirements. Include in Layered Process Audits.
Special processing is required (e.g., deburr, strip, etc.)	If instructions have been received from Mfg Location, process according to instructions. Hand write supplier code and follow FAI-X-75. Otherwise, quarantine parts, Notify Mfg Location, & await instructions. If instructions are not received within 24 hrs, product is returned to Mfg Location	Provide instructions and authorization to proceed to the supplier who received the product. Send copy to appropriate Distribution Center via email.	Verify part / lot routing. Attach email notification from Mfg plant to incoming specification documentation.	No data requirements. Include in Layered Process Audits.

14.0

APPENDIX A

Supplier Quality Questionnaire

Supplier Legal Name: _____

Address _____

City _____ State _____ Zip Code: _____

Please answer the following questions. Use a separate page for additional space.

1) Is your Quality System Third Party Registered?

- ☐ YES: attach a copy of the accreditation certificate.
☐ NO: attach a formal time-line and action plan for accreditation.

2) Have you developed a plan to deploy Third Party Accreditation to your Supplier Base?

- ☐ YES ☐ NO

3) What services/products does your company provide? (Check all that apply)

- | | | |
|---|--|---|
| <input type="checkbox"/> ADHESIVES | <input type="checkbox"/> HEAT TREAT | <input type="checkbox"/> INSTRUMENT CERTIFICATION |
| <input type="checkbox"/> SHIPPING MATERIALS | <input type="checkbox"/> PLATING | <input type="checkbox"/> SORTING <input type="checkbox"/> RAW MATERIALS |
| <input type="checkbox"/> WASHERS | <input type="checkbox"/> PLATING CHEMICALS | |
| <input type="checkbox"/> OTHER _____ | | |

4) If your company is being considered for a calibration source, please answer the following:

4a) Is your laboratory accredited? (A2LA, L.A.B., ISO 17025, Standard Council of Canada, etc.)

- ☐ YES: please attach a copy of the accreditation certificate and scope
☐ NO: please attach a formal time-line and action plan for accreditation

5) Is it your company's intention to comply with this FAI North American Supplier Quality Manual

- ☐ YES
☐ NO: please explain.

6) Please provide the following emergency contact information:

Supplier Top Management (CEO or equivalent)

Name: _____

Desk Phone: _____ Mobile Phone _____

Email: _____

Plant Manager (or equivalent)

Name: _____

Desk Phone: _____ Mobile Phone _____

Email: _____

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Production Manager (or equivalent)

Name: _____

Desk Phone: _____ Mobile Phone: _____

Email: _____

Quality Manager (or equivalent)

Name: _____

Desk Phone: _____ Mobile Phone: _____

Email: _____

7) Is your company EDI capable?

☐ YES☐ NO: Does your company intend to become EDI capable?

8) Is your company a certified minority supplier (WBE, MBE, Veteran-Owned, or any combination)?

☐ YES: Attach a copy of certificate.☐ NO

9) Do you perform a service that involves your employees working on FAI premises?

☐ YES: a Certificate of Liability Insurance must accompany this questionnaire☐ NO10) Is your company incorporated? ☐ YES ☐ NO

If yes:

1099 Code: _____

Federal Tax ID: _____

Duns Number: _____

11) Are all of the following current revision AIAG manuals part of your controlled library?

A. PPAP Yes or No

B. FMEA Yes or No

C. SPC Yes or No

D. MSA Yes or No

E. APQP Yes or No

F. Applicable Industry Standard – Quality Management Systems

☐ ISO 9001 _____☐ IATF 16949☐ ISO/IEC 17025

Write in the Year (i.e. such as ISO 9001: 2015)

Your Name (person completing this form): _____

Your Title: _____

Desk Phone: _____ Mobile Phone: _____

Email: _____

After Hours and Weekend Emergency Contact: _____

Phone: _____

Your Signature (person completing this form) _____ **Date** _____

15.0 REVISION HISTORY

Date	Revision	Description
09/30/2002	1	Released
05/27/2005	2	Multiple Updates
12/01/2006	3	Multiple Updates
01/24/2007	4	Multiple Updates
02/14/2007	5	Added FAI Terms and Conditions page
02/15/2007	6	Clarified in first sentence in 7.1.1 per legal advice. Added: "Including FAI's standard purchasing terms and conditions, which govern every FAI purchase order contract."
02/23/2007	7	Attached acknowledgement of receipt letter
02/26/2007	8	Removed acknowledgement letter & Updated signature page
07/17/2007	9	Added skid tag sign off requirement, clarified calibration supplier requirements, reformatted, updated approvals
10/03/2007	10	Multiple updates to include aerospace supplier requirements
08/26/2009	11	Removed outdated policy and approval, updated Supplier requirements section.
4/5/2011	12	added the suppliers reaction to a scrap incident to the Appendix section
5/16/2012	13	Modified Section 2.1 Exceptions for non-accredited OEM. Changed the ISO/TS 16949 release date from 2002 to 2009 in section 2.3 Required References.
8/29/2013	14	Added Clause 1.6 Conflict Minerals to Section 1 – Relationships with Other Parties
10/10/2013	15	Added as applicable to 4.1, Deleted 7.0.1 Chemicals, Added Direct Material to Supplier in 7.3.4, Modified 8.1, Modified 8.2, Updated Purchasing Terms and Conditions,
05/09/2014	16	Reformatted and organized, Removed Purchasing Terms and Conditions and referenced www.acument.com , Added Appendix A instead of referencing FAI-003, updated the Code of Conduct, updated entire Quality Management System section, removed references to Aerospace standards and specifications
03/16/2018	17	Incorporate IATF 16949 standard
07/23/2019	18	Multiple updates