



AUTOKINITON

Supplier Quality Manual

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Introduction/Purpose

Scope

All Purchased Product/Product Services

Revision/Changes

- Increased Standard Disruption to \$600 from \$492
- Added Customer Pass Through Disruption \$1560 from \$492
- Added Product Services to Scope

Reference Documents

- SIECAR AGG-QUA-FM-023
- PAS AGG-ST-052

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1.0 Supplier Selection-It is very important for the success of AUTOKINITON to select and partner with the correct suppliers. Suppliers must meet several requirements to be



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selected as a supplier to AUTOKINITON. Innovation, cost, and performance are all key factors in supplier selection. AUTOKINITON uses several evaluation methods in selection as indicated in this section.

1.1 Commercial Rating- The purpose of the commercial rating is to assist AUTOKINITON buyers in sourcing new business. This is not part of the scorecard but is used in conjunction the performance to support business decisions. Items included in the rating include:

- o Financial Stability
- o Total Cost Performance
- o Payment Terms
- o Quote Timing & Performance (New Quotes & Engineering Changes)
- o Product manufacturing range within market segmentation

1.2 Assessments/Audits

- o **New Supplier Assessment-**If a supplier is new to the AUTOKINITON family the new supplier assessment must be followed. An editable copy of NA-ST-50C will be sent to supplier for completion. After completion, the AUTOKINITON Supplier Quality team will perform an onsite assessment. There are 3 possible outcomes of a supplier quality assessment.
 - o Green-Supplier scores above the minimum threshold of 85% on assessment. Supplier is approved with no required follow up.
 - o Yellow-Supplier scores between 70%-84% on assessment. Supplier can be approved as is and be monitored by supplier quality team, or be required to close out open issues deemed critical during the assessment. Some corrective actions may require a follow up visit.
 - o Red-Supplier scores <70% on assessment. Supplier Quality team and purchasing team develop open issues that the supplier must remedy prior to approval.

Suppliers have the right to communicate with supplier quality team if the score is less than expected. In this case, evidence supporting the discrepancy will be required and the score will be considered for adjustment.

- o **Inactive Suppliers-** If a supplier is idled for a period of time an assessment may be required prior approval.
- o **Routine Audit-** suppliers require periodic assessments after approval. AUTOKINITON likes to review supplier's systems at a



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minimum of 3-5 years. In these cases a reduced version of the supplier assessment, and a product/process audit will be performed and be targeted to the products being supplied. Supplier quality team members will schedule these assessment's/audits with you prior to the due date. This audit may be waived, if for any reason onsite audits have been performed have been performed in the 3-5 year cycle. These reasons include reviews for new technologies, major awards, quality spills etc...

- **Major Awards and or Product/Technology Change**- an audit may be required if a large award is given to a supplier. These audits will be limited in nature but will target key areas. An assessment may also be required if the products you supply have new technologies or process required to make them.
- **Poor Performance**- a product/process audit may be required if you have ongoing poor performance and/or repeat issue on same parts or failure modes across different products and/or different AUTOKINITON plants.
- **Sub-Supplier Disruption**- an audit/assessment of your sub-supplier management system and your sub-supplier itself may require evaluation/improvement if their performance impacts AUTOKINITON or an AUTOKINITON customer. This can include both quality and delivery concerns.

1.3 Supplier Profile- All Suppliers must insure that AUTOKINITON has the latest information pertaining to the supplier's organization.

- **Capabilities**- It is important to communicate your capabilities to AUTOKINITON so we can understand if you can be considered for more work.
- **Ownership**- Ownership status is key for AUTOKINITON to understand as our organization is required to track risk within our supply base. It is also important as we track supplier performance by organization.
- **Certifications**- Current status of all certifications must communicated prior to expiration. See Supplier Expectations.

***All information must be updated in the AUTOKINITON supplier portal SRM Supplier Relationship Management.**



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1.4 Supplier Contacts-All suppliers must communicate changes in contact immediately to the supplier quality team. Correct contact information minimizes impact when quality/delivery concerns arise. All contact information must include Name, Phone Number, Email, and function.

- Corporate Quality
- Corporate Supply Chain (Materials)
- Program Management
- Plant Quality
- Plant Supply Chain
- After hours Emergency Contacts

***A reminder to update us with contact changes is sent with the monthly Scorecard letter.**

2.0 APQP Advanced Product Quality Planning

It is very important to AUTOKINITON for its supply base to have strong systems supporting new/changed products. By having a robust APQP system, the supply base supports the timing of the AUTOKINITON's OEM commitments. The minimum requirements for new/changed products are:

2.1 Restricted Substance Management/IMDS-

AUTOKINITON requires all supplier to follow IMDS requirements as part of PPAP. Suppliers must input all materials used into IMDS database and supply AUTOKINITON with transmission information.

2.2 PPAP- PAS AGG-ST-052 - Production Part Approval is a vital part of the customer-supplier relationship and should not be jeopardized. Meeting sample dates is critical to the successful completion of all elements. Due dates and commitments must be achievable, and jointly developed to meet OEM/Customer timing. Any delays in developed timing must immediately be communicated to the supplier quality team at AUTOKINITON, as soon as the supplier perceives delay. No product is to be shipped without PPAP unless there is an approved deviation authorizing you to do so.

- PPAPS are Supplied via electronic submission as outlined in PAS



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- Electronic files can be emailed to your supplier quality engineer.
- If PPAP's cannot be transmitted over email they must be sent to:
Autokiniton Global Group
17757 Woodland Drive
New Boston, MI 48164
Attn: Supplier Quality

2.3 Risk Assessment- Supplier quality team will perform a risk assessment for each new product. Inputs include current supplier score or new supplier assessment score, product complexity, country of origin, etc...Results of the assessment help us work with you to plan your safe launch requirements.

2.4 Early Production Requirements- It is expected that all necessary data is provided with early production parts prior to shipment. This includes dimensional results, joining results, material certifications, safe launch, and any special requirements.

2.5 Safe Launch- For all new and changed products it is expected that supplier have a safe launch plan. New products will be governed by the risk assessment. The process must include procedures for checking and documenting the results of inspections performed. Inspections must include.

- Material Type/Thickness
- Fastener Presence/Joint Quality
- Joining Validation
- Part to Label Verification
- Hole Count
- Dimensional Reports
- Quantity Verification

*Safe Launch must be continued until PPAP is complete and all requirements of Safe Launch plan are met.

2.6 New/Changed Part Labeling- All new/changed parts must be uniquely identified with Supplied Part Change sign (appendage B) affixed to 4 sides of bin. Information on label will include Part# and Revision, what part is-, Date, Quantity, Description, and any relevant notes.

2.7 Engineering Changes

***Native CAD model is always master**

- **Quoting-**Suppliers are required to complete quotes in a timely manner.



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- **Suppliers Responsibility**-To ensure ongoing quality, it is the supplier's responsibility to produce materials that meet all engineering drawings and specifications supplied by AUTOKINITON or any of our customers. In order to maintain these expectations, the supplier shall establish and maintain a system to ensure that only the latest drawings and specifications are used and available. It is the supplier's responsibility for the upkeep and review of drawings and specifications. Review and applicable training is required.
- **Change**-Supplier request for new drawings and/or any change from a PPAP'd process will require notification. Supplier is required to complete Supplier Initiated Engineering Change Approval Request (SIECAR) NA-ST-050A. No product or process change is approved or authorized without, formal SIECAR approval. Changes that take place outside of approval will be subject to penalties, demerits, and other actions deemed

3.0 Supplier Expectations- Clear communication of expectations and requirements are a critical element in any supplier/customer relationship. The AUTOKINITON supplement to IATF 16949:2016 Quality Management System Requirements, titled "AUTOKINITON Supplier Quality Manual", conveys AUTOKINITON's quality expectations and provides a foundation upon which we (the supplier and AUTOKINITON) can build the trust and teamwork necessary to ensure our term mutual survival. Our Requirements are:

3.1 Notification- All suppliers are required to notify AUTOKINITON when there is:

- Change in ownership
- Change in senior management at supplying plant
- Change in IATF/ISO Certificate
- Expected disruption for any cause

3.2 Certifications-

Suppliers are expected to maintain the following certificates.

- IATF 16949:2016

If suppliers are not registered to IATF 16949:2016 the supplier must maintain a ISO 9001:2015 certificate. In some cases suppliers will be granted deviations from these standards dependent upon sanctioned interpretations of IATF 16949:2016. These deviations will be granted based upon where product/service is used and documented audits of the supplier process.



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Suppliers are expected to perform and submit the following CQI's annually if they apply to your manufacturing location.

- **Heat Treating System Assessment (CQI-9)**- suppliers are expected to perform and submit CQI-12 if heat treating is performed in your facility. If there are, any findings in self-assessment corrective actions are expected to be supplied.
- **Plating System Assessment (CQI-11)**- suppliers are expected to perform and submit CQI-12 if plating is performed in your facility. If there are, any findings in self-assessment corrective actions are expected to be supplied.
- **Coating System Assessment (CQI-12)**- suppliers are expected to perform and submit CQI-12 if coating is performed in your facility. If there are, any findings in self-assessment corrective actions are expected to be supplied.
- **Welding System Assessment (CQI-15)**-suppliers are expected to perform and submit CQI-15 if welding is performed in your facility. If there are, any findings in self-assessment corrective actions are expected to be supplied.
- **Casting System Assessment (CQI-27)**- suppliers are expected to perform and submit CQI-27 if casting is performed in your facility. If there are, any findings in self-assessment corrective actions are expected to be supplied.

***If you perform any of these activities and do not participate in the CQI programs you must let us know so we can develop an agreed upon action plan.**

3.3 Record Retention- Quality Records (i.e. control charts, in-process inspections, test results, dimensional data, audits, etc...) must be maintained by the supplier for a minimum of 15 years, unless otherwise specified on the purchase order or by any customer requirements.

3.4 Document Availability-Current and retained documentation must be available on request.

- **Current Documentation-**24 hrs
- **Retained Documentation-**74 hrs

3.5 Delivery- All suppliers must meet 100% on time delivery on all supplied products and services. Delivery performance is part of our supplier monitoring score.



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3.6 Quality- Product is required to meet all engineering standards unless approved deviations are granted. Quality performance is part of our supplier monitoring system.

3.7 Packaging- The supplier's system must provide controls that will assure satisfactory protection against damage, contamination, and corrosion during manufacturing, storage, and shipment. The methods of cleaning, preserving, and packaging require the prior approval of AUTOKINITON, and written instructions to accomplish this must be provided by the supplier as part of the sample submission package. If material is to be kept in storage, provisions are to be made for periodic inspections to detect possible deterioration. It is the supplier's responsibility to notify AUTOKINITON if any changes to the packaging system are anticipated, as AUTOKINITON must approve all changes in advance.

3.8 Labeling- Each container, coil, rack, box, or pallet of material shipped to an AUTOKINITON Plant must carry full identification, including part number, quantity, shipment date, lot numbers, and deviation numbers if applicable. Material identification must remain intact from the time of initial application by the supplier through receipt and storage at the AUTOKINITON receiving location

3.9 Safe Packaging, Labeling, and Shipping of Steel and Aluminum Coils-

- Coils are wound from inside wrap throughout, with a sufficient tightness to prevent moist penetration, which could cause bleed-in or transit type rust and will permit stacking with a collapsing a coil.
- Coils will be labeled with wire tags attached to the band or adhesive labels attached only to the band. Under no circumstances is an adhesive label to be attached to the surface of the material itself.
- Coil Conveyances (i.e. truck, railcar, etc.) must meet normal shipping requirements.
 - Loading surfaces must be free of debris or any protuberance, which could damage coil in loading/unloading or transit.
 - Chaining and tie-down practices are to be of a nature to preclude damage to coil edges on inner wraps of the coils.
 - Coil Cradles and 4X4 wedges shall be contoured to match the surface of the coil. Any indentations or damage resulting from coil to cradles and/or 4X4 is unacceptable.
 - When shipping y truck, coil is to e completely covered with a waterproof paper shroud (not to be interpreted as a wrapped coil). After the coil has been secured to the trailer, a tarp cover is to be




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applied. The tarp must be large enough to completely cover the load. Tarp is to be in good condition, free of holes, tears, which would allow moist to penetrate to material. Tarp to be properly secured to the trailer.

- Edge Roughness – Coil edges shall be free from “metal tabs”, fins, coating build-up and / or edge slivers.
- Wall Straightness – (1) Telescoping – A deviation from a straight vertical edge to the sidewall of a coil. Autokiniton standard is any variance greater than 3/4” (19.05mm), where more than five (5) wraps are noted. (2) Weaving – The oscillation which occurs during coil winding. Sidewalls should not exceed plus or minus 1/4” (6.4mm) from a median line running from the outer wrap down to inner wrap.
- Surface Oil Coating – The surface of the sheet shall be protected by a rust inhibitive oil coating that is readily removable in subsequent cleaning operations.
- Coil Damage – Coils, as received in the Stamping Plant, shall be free from damage on surface, edge or wall resulting from supplier or carrier mishandling and / or chaining practice. NOTE: All incoming coil is to be 100% usable stock with no exception.
- Pallet Usage – All pallets used to transport coil material will be 100% inspected prior to use so any/all defects are identified and damaged pallets are not used. NO DAMAGED PALLETS ARE TO BE USED TO TRANSPORT COILS.
- Banding Requirements – Banding for ALL coils is to be a minimum width of 1.25” with no exception. See Chart Below for Spacing.

Minimum Banding Chart - Coils

 Steel Coil Banding Guide			
Coil Width	Steel Type	Eye Bands	Circumference Bands
< 24”	HSLA or Hot Roll	(4) 0.75” or (2) 1.25”	(2) 0.75” or (1) 1.25”
	Cold Roll	(3) 0.75” or (2) 1.25”	(1) 0.75” or (1) 1.25”



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>24"	HSLA or Hot Roll	(6) 0.75" or (4) 1.25"	(4) 0.75" or (2) 1.25"
	Cold Roll	(4) 0.75" or (3) 1.25"	(2) 0.75" or (2) 1.25"
>60"	HSLA or Hot Roll	(6) 0.75" or (4) 1.25"	(6) 0.75" or (3) 1.25"
	Cold Roll	(4) 0.75" or (3) 1.25"	(3) 0.75" or (3) 1.25"

- Eye bands evenly spaced, head and tail within 6" of an eye band.
- Circumference bands, outer bands located within 3" from coil edge, additional bands evenly spaced.
- Circumference band clip protectors should be located at the 2 o'clock position.
- Corner, or ring, protectors on ID and OD coil edges for all eye bands.

***Deviations to 3.9 must be approved in writing to protect the supplier.**

3.10 Statistical Process Control (SPC)- AUTOKINITON considers it a best practice to utilize the use of SPC in all areas of your shop floor management. AUTOKINITON requires the use of SPC when a product/process is considered a significant/critical characteristic by AUTOKINITON and or the end item customer (these items will be identified and reviewed during PPAP) These characteristics can include but are not limited to-

- Dimensional Measurements (CP/CPK)
- Joining/Weld Monitoring
- Material Conformance

3.11 Repair and Rework- Repair and rework to products within a suppliers plant have historically been shown to be a risk to quality; subsequently, any rework or repair operations not



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specifically identified in the governing specification must require approval from AUTOKINITON Plant/Corporate Location.

- Rework-** Defined as action taken on nonconforming product so that it will meet the specified requirements. The supplier must develop written rework procedures to correct any product nonconformities that occur during production, and submit them to the using Customer Location for approval. Each rework procedure should include specific instructions on the rework method proposed and the method of identification of reworked parts. If the supplier is currently supplying identical part numbers to another customer, and has previously obtained approved written rework procedures from them, copies must be submitted for review and concurrence prior to the first shipment of reworked parts to an AUTOKINITON location.
- Repair-** Defined as action taken on nonconforming product so that the product will fulfill the intended usage although the product may not conform to the original requirements. The supplier must develop written repair procedures to correct any product nonconformities that occur during production and submit them through the receiving AUTOKINITON plant. Before repaired parts can be shipped, the AUTOKINITON plant using the repaired product must grant approval through a Temporary Deviation Authorization.

Under no circumstances shall the supplier rework or repair parts or material and ship them to any AUTOKINITON location without receiving prior written authorization from the receiving plant. Any parts shipped prior to obtaining the appropriate written approvals will be rejected and returned to the supplier at their expense. All costs incurred by AUTOKINITON using parts that have been repaired or reworked without obtaining the proper authorization will be the responsibility of the supplier.

3.12 Deviations- In the event product does not conform to all applicable specification the deviation process must be followed. If the product is deemed useable and will not affect fit, form, function, or appearance of the final product a temporary deviation authorization can be granted. The request is completed on the Supplier Initiated Engineering Change Approval Request (SIECAR) NA-ST-050A form. The SIECAR shall be accompanied with a corrective action plan to return product to original specifications. Specific labeling requirements, notifications, and additional cost will be included in the approved deviation. Supplier assumes responsibility if AUTOKINITON incurs any penalties due to deviated non-conforming material.

3.13 Cyber Security – Suppliers are expected to have an Information Security Management System (ISMS) that is based on a recognized framework. This may be



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TISAX, ISO 27000, NIST CSF or other recognized frameworks. However, the ISMS must at minimum address the IATF 16949 Sanctioned Interpretations on Cyber Security and include the following areas:

- **Incident Response Plans**
 - Reference IATF 6.1.2.3 SI 3 / TISAX 1.6.1 / ISO 27001: A.16.1.1, A.16.1.2
- **Testing** - Simulated Phishing, vulnerability scanning, Penetration testing
 - Reference IATF 6.1.2.3 SI 17 / TISAX 1.4.1, 5.2.5 / ISO 27001: 6.1.2, 6.1.3, A.12.6
- **Protection of Equipment**
 - Reference IATF 7.1.3.1 SI 18 / TISAX 5.2.7 / ISO 27001: A.13.1.1, A.13.1.3
- **Risk Analysis**
 - Reference IATF 6.1.2.1 SI 21 / TISAX 1.4.1 / ISO 27001: 6.1.2, 6.1.3
- **Training and Awareness** - for all employees
 - Reference IATF 7.2.1 SI 22 / TISAX 2.1.3 / ISO 27002: A.7.2.1, A.7.2.2

In Addition to the Notification requirements identified in section 3.1, suppliers have an additional duty to report Cyber Security related disruption events to the Autokiniton IT Service Desk

- In the event of a Cyber Security Event you are **required to report** to
- IT.servicedesk@autokiniton.com AND **Call 1-877-999-4877**
- Provide Supplier Name and Supplier Code, description of the incident, impact, contact information

3.14 FIFO- Autokiniton expects that suppliers rotate stock appropriately and ships older manufactured product first (FIFO-First In First Out). Suppliers must manage this, especially when there is a product change. Material that is perishable should have 75% life at minimum unless something has been explicitly worked out with the purchasing team. FIFO is expected on all supplied products and excludes no commodity.

3.15 CAD-Suppliers are expedited to utilize and review CAD. Details not included on a 2D drawing or MSA can be found in CAD. 2D prints are for reference and tolerance- CAD is master. Suppliers should request CAD for review with RFQ's, PO's, or any



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other time review is needed. CAD is considered master when there are discrepancies between other documents and CAD. CAD will be utilized during any supplier disputes.

3.16 Traceability Standard-With Label information provided. Autokiniton expects supplier to submit requested manufacturing information about production lot within 24 hrs.

Requested data can include

- Raw material product produced with
- Production History/Lot
- Inspection data for subject part/lot
- Applicable Process Parameters
- Non-Conforming History (Suspect Vs Scrap)
- Approved Rework Information (Quantity Dates)
- Significant Production Interruptions (Line Stoppage, Significant Maintenance, etc....)

It is expected that Tier II will understand key products and process data to document and retain relevant data. Data relevant to defect products are expected no matter where it occurs in process or supply chain. The key point in this traceability standard is to be able to minimize risk by identifying defect manufacture location, when defects were produced, and how many potential defects were produced. Similar data and traceability are expected throughout your supply chain.

Good resources can be found utilizing CQI-28:2018 from AIAG.

4.0 SUPPLIER MONITORING- AUTOKINITON utilizes a supplier performance monitoring system called SRIS. SRIS is utilized to score and monitor performance of the supply base. SRIS is also the communication tool that quality and delivery discrepancies documented within. There are 3 primary rating areas within the system and 1 sub rating area that will be explained below. Each month AUTOKINITON will distribute a scorecard indicating the supplier performance for the past 6 months based on quality, delivery, and responsiveness.

4.1 Supplier Scorecard- The supplier scorecard is our tool to communicate your performance to you.

- Supplier Scorecards will be issued on a monthly basis and will reflect performance for the last 6 months in both quality and delivery.
- Weighting is applied for both quality and delivery but not responsive (those 10 points is for current month only).



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- Weights-Starting from current month (.41)(.37)(.14)(.05)(.02)(.01).

4.2 Quality Performance-Makes up 50 points of total rating.

- Parts Per Million (PPM) Performance accounts for 20 points.
- Repeat issues account for 10 points
- QR Count Score account for 10 points
- Severity rating assigned to each complaint account for 10 points. See Table.

Level	Severity Level	Points lost for Each Occurrence
4	Found at our Customer Location	10.00
3	Found in our Final Build	7.50
2	Found in our Process	5.00
1	Found at our Receiving	2.50
0	Concern Informational	0

4.3 Delivery Performance-Makes up 40 points of total rating.

- Discrepancy issues account for 4 points
- Incorrect Labeling issues account for 8 points
- Late/Early Shipment issues account for 8 points
- Over/Under Shipment issues account for 8 points
- Packaging issues account for 8 points
- Use of Premium Freight issues account for 4 points

4.5 Responsiveness Performance (10 Points) - Accounts for 10 Points of total rating. Points deducted when a response is late.

- 5 Points for initial response
- 5 Points for corrective action

4.6 Supplier Demerit- The purpose off the supplier demerit is to provide the corporate supplier quality team members the ability to temporarily manipulate the supplier score. These demerits occur when the supplier has infractions that are not directly related to a specific product or plant and may be systemic in nature.



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- Mandatory Communications without response
- Violation of Trust
- Expired/Revoked Certificates (CQI, IATF, VDA, Etc...)
- Systemic Issues
- Ineffective Corrective Actions/Failure to Read Across Corrective Actions
- Program Team Responsiveness
- Early Build Violations
- Inadequate Quote Performance
- CS1
- CS2

4.7 Supplier Ranking- Supplier Ranking is calculated from QR/DR/RR/Demerit Points. Suppliers must maintain a minimum score to be in good standing and be considered for new business. Rankings are taken directly to your performance score (Scorecard).

- (Green)- >90 supplier is in good standing.
- (Yellow)- 70-89 caution, corrective actions/review may be required to source new product.
- (Red)- <70 supplier will be required to submit corrective action recovery plan prior to being sourced new product.

4.8 Supplier Communication- Along with the monthly scorecard a letter will be distributed to the supply base. The letter is intended as a communication tool for important information about requirements and other relevant information to the industry. The supplier letter also serves as a reminder to update your contacts, which are included in the scorecard.

4.9 Supplier Chargebacks- Quality and Delivery issues that cause AUTOKINITON monetary loss will be levied against the supplier. These charges can be generated from many sources including customer charges, line downtime, sort and rework cost, transportation, error proofing, etc.... Chargebacks are generated from the concern and generate a separate communication that also requires a response. No response of a chargeback within 14 days indicates that the supplier agrees with charges and the charges will be levied. If a supplier does not agree with charges and they cannot resolve with the issuer, then an escalation will take place and supplier quality manager, and the purchasing team will get involved and review all evidence from both sides. The decision of supplier quality and purchasing will be final, and any remaining charges will be levied immediately.



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- **Chargeback Rates (Applicable to both QR/DR)-**
 - Administrative Fee/Standard Disruption- \$600.00 Per Occurrence
 - Customer Pass-Through Disruption- \$1560.00 Per Occurrence
 - Labor Sort/Rework-\$60.00/hr Straight Time, \$90.00/hr 1.5X, \$120.00/hr 2X
 - Line Assembly (number of people impacted by concern)- \$60.00/hr Straight Time, \$90.00/hr 1.5X, \$120.00/hr 2X
 - Scrap-Cost of Material being scrapped
 - Error Proofing-Cost of engineering/Installation
 - Transportation-To/From transportation
 - Customer Chargeback-Amount Customer Charges AUTOKINITON for pass through item
 - Detention Fee-Amount for missing a window
 - Travel-Actual travel cost associated with corrective action review, customer visits.

4.10 Corrective Action Process- All suppliers are expected to have a corrective action process that address root cause and systemic root causes. The process is required to be robust and prevent repeats. Corrective Actions will be answered within the SRIS system. Generally this is through an email response. Some occurrences may require a submission of a formal 8D. Many times an AUTOKINITON associate/Associates may require an on-site review to understand and validate that the corrective action has been closed and actions are robust.

4.11 Controlled Shipping and 3rd party containment- In some Circumstances AUTOKINITON may place a supplier on 3rd party containment or controlled shipping. This is usually when an escape happens that involves our customer, repeat issues, or broken containment action at a supplier. Controlled shipping has 2 levels dependent on severity of concern. Controlled shipping includes all suppliers for products and services including internally sourced, internal suppliers, customer directed, and customers themselves. If an AUTOKINITON location is placed into a re-inspection caused by a supplier part, the supplier of the part or service will be placed on controlled shipping. The decision to place a supplier into controlled shipping or 3rd party containment can be initiated by the plant or corporate supplier quality team. Each layer of CS1 will include demerit points (referenced above) and will be removed immediately on CS1/2 Exit.

- CS1 (Controlled Shipping Level 1) Entrance- Generally performed by supplier resources at supplier location with results communicated by supplier quality department.
 - Failure to respond to SRIS issue within 24 hours
 - Failure to provide corrective action with 30 days of written concern
 - Exit from CS2
 - Break in Clean Point after 3rd Party Inspection



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- CS1 (Controlled Shipping Level 1) Requirements-
 - 100% Offline re-inspection of product
 - 100% Witness mark of re-inspected area with approved witness mark
 - Label identifying product has been certified and through CS1.
 - I-Charts provided to AUTOKINITON on a weekly basis

- CS1 (Controlled Shipping Level 1) Exit-
 - 30 day (calendar) defect free period without repeat quality concern. New 30 day window opens for repeat concern.
 - Accepted CAR/8D including verification.
 - Update of applicable control plan/PFMEA/inspection documents
 - Approved exit notification from AUTOKINITON representative.

- CS2 (Controlled Shipping Level 2) Entrance-Generally performed by external sort company at supplier location or external warehouse with results communicated by external company to both supplier and AUTOKINITON location.
 - Failure to avoid repeat issues during CS1 process.
 - Break in Clean Point after CS1 inspection
 - Multiple failures during CS1 process
 - AUTOKINITON being placed on containment by any customer due to supplier product/process
 - Special Circumstances defined by AUTOKINITON Supplier Quality/Purchasing.

- CS2 (Controlled Shipping Level 2) Requirements-
 - 100% Offline re-inspection of product
 - AUTOKINITON approval of containment process
 - 100% Witness mark of re-inspected product.
 - Label identifying product has been certified by CS2 requirements
 - I-Charts provided to AUTOKINITON on daily basis

- CS2 (Controlled Shipping Level 2) Exit-
 - 30 day (calendar) defect free period without repeat quality concern. New 30 day window opens for repeat concern.
 - Accepted CAR/8D including onsite verification
 - Update of applicable control plan/PFMEA/inspection documents
 - Approved exit notification from AUTOKINITON representative.

- 3rd Party inspection generally takes place at AUTOKINITON location or identified offsite warehouse. Data is delivered directly to AUTOKINITON and supplier. In general, this will be short term in nature and kick off a documented CS1 after initial containment takes place and the supply chain is clean.

- 3rd Party Containment Entrance-
 - Quality spill into AUTOKINITON location



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- Initial Inspection of product at AUTOKINITON location or in transit to AUTOKINITON location.
- 3rd Part Containment Requirements-
 - AUTOKINITON/Supplier Approved instructions
 - Supplier issued PO
 - Completion of AUTOKINITON safety requirements for all team members
 - 100% witness mark of inspected product
 - Certification label for all product
- 3rd Party Containment Exit-
 - Effective implementation of CS1 Process
 - Verification of inspection for all in-plant and in-transit product
 - Approved exit notification from AUTOKINITON representative

5.0 Non-Disclosure/Precedence

- **Non-Disclosure Statement-** In the course of doing business and in the interest of both parties it may become necessary to mutually agree to nondisclosure of proprietary information. If such a situation arises, contact AUTOKINITON Purchasing Colleague for guidance and assistance in executing the appropriate forms. Common areas where confidentiality must be kept are:
 - Tooling Purchases
 - Product/Process Purchases
 - Consultant Agreements
 - Confidential Information
- **Precedence-** If Conflicts arise with the requirements outlined in this manual, AUTOKINITON Purchase Order, Engineering Drawing/Specification, Raw Material, or other applicable documents the prevailing order shall be:
 - (1) Drawing/Specification
 - (2) Purchase Order
 - (3) Supplier Quality Man

6.0 Appendix

- Appendix B-New Part/Changed Part Notification