

1. **Scope / Purpose:**

1.1. Judricks Enterprises Limited (herein called JEL) recognizes the ISO/TS 16949:2002 and ISO 14001:2004 Standards and other Customer requirements as they apply to automotive production and relevant service part organizations. Accordingly, all JEL suppliers / sub-contractors are required to establish documents and implement effective production, quality and management systems compliant with these requirements, including those specified by the Customer requirements.

1.2. This manual reinforces the JEL Purchase Order Terms and Conditions and identifies JEL's Customer specific requirements. ISO 9000:2000, TS16949:2002, and ISO 14001:2004 are applicable to all Supplier / Sub-Contractor manufacturing sites and include production parts, service parts and production materials that are supplying JEL.

1.3. JEL reserves the right to verify supplier compliance to ISO 9000:2000, TS16949:2002, or ISO 14001:2004 on-site for those suppliers / sub-contractors identified as having a high impact to safety, fit, form function, quality and/or Customer down-time.

1.4. **Second Party Customer Approval Guidelines:**

1.4.1. JEL requires all suppliers / sub-contractors to verify their sub-contractors certification / compliance to the ISO 9000:2000 or the ISO/TS 16949:2002 Quality Standard, as well as the ISO14001:2004 Environmental Standard.

1.4.2. **Supplier Approval Requirements are as follows:**

- 1.4.2.1. The Supplier must be ISO 9000:2000 or ISO/TS 16949:2002 registered.
- 1.4.2.2. The Supplier must utilize a qualified/certified Auditor with evidence of successful completion of training.
- 1.4.2.3. The Supplier must perform annual audits at each qualifying subcontractor and maintain records of these audits.
- 1.4.2.4. The duration of these audits must be sufficient to review all elements in the sub-contractors quality system.

2. **Advanced Product Quality Planning (APQP):**

2.1. All suppliers / sub-contractors are required to produce advanced quality plans to support the development of new products and/or services, in accordance with the guidelines in the Advanced Product Quality Planning and Control Plan (APQP) manual published by the Automotive Industry Action Group (AIAG).

2.2. All suppliers are required to report the status of plan activities on a regular basis.

3. New Product / Process Launch Readiness Measures:

3.1. The Quality Council within JEL monitors and manages selected suppliers / sub-contractors from new product release through the start of production. New product / process launch readiness measures are implemented to ensure that suppliers are able to produce in accordance with the requirements of the Purchase Order.

3.2. Supplier / Sub-Contractor Risk Assessment:

3.2.1. JEL will conduct Supplier / Sub-Contractor Risk Assessments to determine which suppliers / sub-contractors products are to be identified as “selected suppliers”. These will be tracked by the JEL Quality Council. Criteria includes but is not limited to:

- 3.2.1.1. Product / process complexity
- 3.2.1.2. New product / complexity for JEL
- 3.2.1.3. Past product / process concerns and/or Past warranty concerns
- 3.2.1.4. Supplier / Sub-Contractor launch history
- 3.2.1.5. Impact on final product
- 3.2.1.6. New supplier / sub-contractor production location
- 3.2.1.7. New supplier
- 3.2.1.8. New product / process for supplier / sub-contractor
- 3.2.1.9. Product Environmental Impact
- 3.2.1.10. Mergers, Acquisitions or Affiliations associated with a Supplier / Sub-Contractor

3.3. Component Review Meeting (CRM):

3.3.1. Component Review Meetings are held with selected suppliers / sub-contractors to identify key product / process characteristics that must be statistically monitored to ensure stability.

3.4. Supplier Document / Process Review:

3.4.1. The Supplier / Sub-Contractor Document / Process Review documents the progress of the supplier / sub-contractor’s product quality plan. The JEL Quality Coordinator will audit the supplier / sub-contractor’s documentation and manufacturing site, and monitors the supplier / sub-contractor’s progress in closing any open issues.

3.5. Production Trial Run:

3.5.1. A Production Trial Run is performed to verify that a supplier / sub-contractor’s actual production process is able to meet program volumes at an acceptable quality level. The supplier / sub-contractor’s process must be able to produce 115% of the

quoted volume with production tools and equipment and in the quoted work pattern(s).

3.5.2. All suppliers / sub-contractors are required to perform a Production Trial Run (Run at Rate), prior to launch.

3.6. Launch Support:

3.6.1. During any program launch at JEL, selected suppliers / sub-contractors may be required to provide on-site representation. The supplier / sub-contractor's launch support representative(s) must be knowledgeable, capable and empowered to make decisions.

4. Production Part Approval:

4.1. All suppliers are required to obtain full approval from JEL per the requirements of the AIAG Production Part Approval Process (PPAP) Manual, 3rd Edition.

4.2. All sample submissions are to be Level 3 unless otherwise specified. Annual layouts are required to verify continuing conformance.

4.3. All suppliers must provide evidence of Materials, Substances, and Recyclability data submission and acceptance by JEL with every PPAP submission. The part numbers in the acceptance note must match the part numbers submitted for PPAP approval. PPAP approvals will not be granted for the parts not accompanying this documentation. JEL suppliers are responsible for cascading this requirement and collecting data from their respective sub-suppliers.

4.4. Product / Process Changes:

4.4.1. JEL must approve all changes in advance, to product/process.

4.4.2. Samples may be required for review and to evaluate potential impact on JEL's manufacturing processes.

4.4.3. Submission for PPAP approval is required unless specifically waived.

4.5. Production Location Changes:

4.5.1. All production location changes must be approved in advance, to all product & process by JEL as required in AIAG, PPAP, 3rd Edition, Sect. I.3, "Customer Notification & Submission Requirements"



4.5.2. Supplier must request approval in writing from JEL.

4.5.3. The tool move plan must include the requirements of a production bank if necessary to ensure JEL's Production and Service requirements are not affected.

4.5.4. PPAP approval is required prior to the shipment of production material from the new location as well as an Exit PPAP from the prior facility.

4.5.4.1. PPAP Submissions over 1 Year Old:

4.5.4.1.1. Whenever JEL is required to submit PPAP to their customer, all supplier PPAP documentation must be no more than one year old. At that time, all PPAPs over one year old are to be updated upon request by JEL, regardless of the supplier's business relationship with JEL's customer.

4.6. External Production Supplier Extended Shutdown / Start-Up Audit:

4.6.1. JEL must be notified in writing prior to an extended production shutdown.

4.6.2. Examples of extended shutdown/start-up periods include Customer change-over, scheduled preventative maintenance for Tooling, Machinery or Processes or the anticipation of a work stoppage due to Union Contract Negotiations.

5. Incoming Quality (IQ) Meetings:

5.1. JEL conducts IQ meetings at our facility. Top problem suppliers are required to attend and present containment / corrective actions.

5.2. Top problem suppliers are identified based on the following:

5.2.1. Performance History/ Repetition of Issues

5.2.2. Issue Severity

5.2.3. Responsiveness to Concerns

5.2.4. Warranty Issues

6. Containment Policy:

6.1. All suppliers are required to have a containment process to provide additional verification – outside normal processes, prior to shipment. The process must include identifying containment actions, isolating concerns and implementing corrective actions. Exit criteria will be determined on an individual basis by JEL.

6.2. Level I Containment:

6.2.1. Level I containment is required for new production start-up and engineering changes to contain any failure modes due to the learning curve of new start-ups.

6.3. Level II Containment:

6.3.1. Level II containment requires the supplier to implement extraordinary inspection of product to contain a specific failure. Containment actions must verify that requirements are met and be approved by JEL.

6.4. Level III Containment:

6.4.1. Level III containment requires the supplier to provide an independent third party to inspect product offsite prior to release for shipment to JEL. Level III containment is initiated once the supplier fails to contain non-conforming product within his or her own facility.

7. Supplier Rating System (SRS):

7.1. JEL evaluates significant direct production material suppliers based on the following criteria:

- 7.1.1. Rejected Parts per Million (RPPM)
- 7.1.2. Service (including Environmental Reporting)
- 7.1.3. Written Complaints
- 7.1.4. Competitiveness
- 7.1.5. Delivery

7.2. All changes in a supplier's manufacturing "address/remit to" information, etc. must be communicated in writing to JEL.

7.3. This information is used to prioritize opportunities for improvement within the JEL Supply Base, communicate performance to our suppliers and is also used to evaluate future sourcing opportunities.

7.4. The SRS Scores & Performance Metrics are also used to determining which suppliers are recognized with JEL's Supplier Awards.

8. Cost Recovery Policy:

8.1. Suppliers are liable for all costs incurred by JEL when the cause is the supplier's responsibility and are outlined below:

- 8.1.1. **External Suppliers** – Charges to external suppliers will be based on local rates of JEL but will not exceed \$75.00 (US) per hour. Refer to the guidelines below regarding applicable charge backs to external suppliers.
- 8.1.2. **Administrative Charge** – Each Quality Notice (QN) has an administrative charge of 2 hours minimum covering the collection of data and documentation of the quality incident/spill.
- 8.1.3. **Other Charges** - The following types of charges will be calculated on the actual time incurred for the associated action:
 - 8.1.3.1. **Examples of Costs that can be Charged back to the Supplier:**
 - 8.1.3.1.1. Rework / Repair Supplier Fault
 - 8.1.3.1.2. Premium Freight Costs including Air Charter if Required
 - 8.1.3.1.3. Overtime to Avoid Production Interruption
 - 8.1.3.1.4. Disposition of Supplier Fault Scrap
 - 8.1.3.1.5. Production Down Time for JEL and its End Customer
 - 8.1.3.1.6. Sorting of Suspect Material In-House, at Customer Location or Third Party Warehouse and Contractor Costs
 - 8.1.3.1.7. On-line Containment
 - 8.1.3.1.8. Tear-Down (Minor, Major, and Complete) and Outside Lab Testing
 - 8.1.3.1.9. Customer Returns including Hourly Charges, Transportation and On-Site Inspection Services
 - 8.1.3.1.10. Meeting Customer Environmental Reporting and Documentation Requirements.
 - 8.1.3.1.11. Receiving Inspection, Material Handling and Freight Associated with Scrap and Replacement Material

9. ISO 14001:2004 & Other Environmental Requirements:

9.1. ISO 14001:2004

- 9.1.1. All JEL suppliers must have an effective environmental management program in place. Third party Registration to ISO 14001 may be required.

9.2. Other Environmental Requirements:

- 9.2.1. All JEL suppliers must work proactively with JEL to reduce the environmental footprint of JEL's products by complying with the environmental requirements of our customers. Materials, substances, recyclability, life cycle assessment (LCA) data, etc. are to be reported according to legal requirements and/or those from JEL's customers.

10. Electronic Data Interchange (EDI):

- 10.1. All suppliers supplying production parts, assemblies, components and production materials to Lear plants are required to have EDI capabilities.