

## **1.0 MANAGEMENT MESSAGE:**

Theta TTS Inc. (Theta) recognizes the Global IATF 16949:2016, ISO 9001:2015 and ISO14001 Standards and other Customer requirements as they apply to automotive production and relevant service part organizations. Accordingly, all Theta production suppliers are required to establish documents and implement effective production, quality and management systems compliant with these requirements, including those specified by the customer. This manual reinforces the Theta Terms and Conditions of Purchase (as published on the website) and identifies Theta's customer specific requirements. ISO 9001:2015 registration at a minimum is applicable to all supplier manufacturing sites and includes production parts, service parts and production materials as well as assemblers of production parts that are supplying Theta. Specially designated small suppliers lacking resources to implement IATF 16949:2016 or ISO 9001:2015 fully may have certain elements waived by Theta. Theta SQA or Purchasing may be contacted to obtain the written criteria for granting this waiver. Suppliers are strongly encouraged to become registered to IATF 16949:2016 and ISO 14001.

Theta reserves the right to verify supplier compliance to ISO 9001:2015, IATF 16949:2016, or ISO 14001 on-site for those suppliers identified as having a high impact to safety, fit, form, function, quality and or customer down-time. Any Theta personnel or Theta Customer reserves the right to visit the supplier's manufacturing site to verify quality of purchased products and review supporting documentation. This may include a review of competency of personnel at the supplier to meet the defined requirements.

Theta's Quality Policy is **"To constantly improve our quality and productivity and to deliver products competitively, to specification and on time"**.

It is Theta's expectation overall that our suppliers will understand their contribution to the effectiveness of the quality management system, including the benefits of improved performance; as well as the implications of not conforming with the quality management system requirements.

## **REGISTRATION REQUIREMENTS:**

Raw material/chemical suppliers:

- 3rd party registered to ISO9001:2015.

Component/service parts suppliers currently not certified:

- 3rd party registered to ISO9001:2015.
- Compliant to IATF 16949:2016.

Component/service parts suppliers currently certified to ISO9001:2008, VDA6.1 or EAQF or AVSQ:

- Compliant to IATF 16949:2016.
- 3rd party registered to ISO 9001:2015 (IATF 16949:2016 is preferred)

## **CERTIFICATE MAINTENANCE:**

Whenever a supplier receives a quality standard certification for the first time or for renewal, a copy of the certification must be sent to Theta SQA.

If certification is rescinded, the supplier must notify Theta Quality Manager in writing within five business days.

## **2.0 ADVANCED PRODUCT QUALITY PLANNING (APQP):**

All suppliers are required to produce advanced quality plans to support the development of new products and/or services, in accordance with the guidelines in the AIAG Advanced Product Quality Planning and Control Plan (APQP) manual.

- All suppliers are required to report the status of plan activities on a regular basis.
- All suppliers are required to utilize the Theta prescribed APQP format when indicated.
- All suppliers are required to participate in the Theta APQP process, when asked.
- Suppliers are to provide updated Supplier Team Feasibility Forms within seven days of request.

- Failure to provide the Supplier Team Feasibility Form in a timely basis may result in a MDR with demerit points assigned, and a minimum administrative charge of \$275.00 dollars.

### **3.0 NEW PRODUCT/PROCESS LAUNCH READINESS MEASURES:**

Theta Purchasing and SQA monitor and manage selected suppliers 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. Suppliers are required to stay on Early Production Containment 3 defect free production runs or 30,000 parts whichever is greater. Early Production Containment results must be provided upon request.

### **3.1 SUPPLIER RISK ASSESSMENT:**

Theta Purchasing and Theta SQA along with Program Management will conduct Supplier Risk Assessments, when necessary to determine which supplier's products are to be identified as "key suppliers" and will be tracked by Quality.

Criteria include but are not limited to:

- Product / process complexity
- New product / complexity for Theta
- Past product / process concerns
- Supplier launch history
- Impact on final product
- New supplier production location
- Past warranty concerns
- New supplier
- New product / process for supplier
- Product environmental impact
- Mergers, Acquisitions or Affiliations associated with a Supplier

A Vendor Questionnaire shall be completed on all sub-suppliers of products, processes and services that will be shipped by Theta as a finished product to Theta customers.

### **3.2 COMPONENT REVIEW MEETING:**

Component review meetings may be held with selected suppliers to identify key product/process characteristics that must be statistically monitored to ensure stability. Component review meetings, and/or receiving site input, will determine packaging and labeling requirements. Shipping trials must be conducted to evaluate the ability of the packaging to preserve product quality. Should Theta's customer have designated special controls for products with legislative and/or regulatory requirements, the supplier shall ensure that they are implemented and maintained. It is the responsibility of the suppliers to ensure that these requirements are cascaded down throughout the supply chain.

### **3.3 SUPPLIER DOCUMENT/PROCESS REVIEW:**

The Supplier Document / Process Review documents the progress of the supplier's product quality plan. Theta SQA audits selected supplier's documentation and manufacturing site, and monitors the supplier's progress in closing any open issues.

### **3.4 PRODUCTION TRIAL RUN:**

All suppliers are required to perform a Production Trial Run (Run at Rate) prior to launch. A Production Trial Run is performed to verify that a supplier's actual production process is able to meet program volumes at an acceptable quality level. This Production Trial Run shall be performed by the supplier and included with the PPAP and/or APQP documentation, if requested by Theta SQA.

The supplier's process must be able to produce 120% of the quoted volume with production tools and equipment, with normal plant manning, and in the quoted work patterns.

Theta SQA may perform on site Production Trial Runs when indicated. Circumstances that may lead to SQA Production Trial Runs include:

- new supplier to Theta,
- new process to a current supplier,
- location shift from one site to another,
- upgraded tooling,
- increased production requirements and/or previous history with the supplier or the component.

When necessary, SQA will schedule the on-site Production Trial Run with the supplier. Purchasing and Program Management shall be contacted in case they wish to send a representative as well.

A complete Process Sign-Off (PSO) may be performed in conjunction with the Production Trial Run. A PSO will be performed when required by a Customer, when:

- the program is high risk to Theta,
- if the supplier has been deemed high risk on the program
- or when initial sample parts indicate potential manufacturing issues.

In addition, a PSO may be performed when:

- the supplier is new to Theta,
- when the process is new to the supplier,
- if a location shift is made in the production facility or if previous history with the supplier and/or component warrants it.

### **3.5 LAUNCH SUPPORT:**

During any program launch at Theta or Theta Customer production facility, selected suppliers may be required to provide on-site representation if requested. The supplier's launch support representative(s) must be knowledgeable, capable and empowered to make decisions. When launch support is requested, the representative must stay in place until released by Theta.

### **4.0 PRODUCTION PART APPROVAL PROCESS:**

Suppliers are required to submit and obtain full approval from Theta per the latest requirements of the AIAG Production Part Approval Process (PPAP) Manual. Sample submissions are to be Level 3 unless otherwise specified.

- PPAP documents are to be submitted to Theta's Quality Team Leader for approval.
- PPAP documentation must be provided in the latest revision of the AIAG PPAP forms.
- Electronic prints utilized for PPAP submission must be sent in .pdf format.
- Six (6) certified samples (per tool/cavity) with the dimensional report are to be submitted to each using facility for a fit and function approval, unless otherwise waived by Theta.
- Supplier PPAP documentation must be no more than nine months old. PPAPs over nine months old are to be updated upon request by Theta, regardless of the supplier's business relationship with Theta's Customer.
- Material certifications provided with the PPAP package shall be less than six months old, unless specifically waived by Theta SQA.
- Suppliers must provide evidence of materials, substances, and recyclability data submission (IMDS) with every PPAP submission.
- PPAP approvals will not be granted for packages that do not contain this information.
- Conflict Minerals affidavits should be included with the PPAP package. Should it not be included, the supplier shall provide Conflict Minerals information within three days of the request.

Suppliers are responsible for cascading this requirement and collecting data from their respective sub-suppliers. The supplier of an incorrect IMDS shall be responsible for any and all costs related to the inaccurate submission, including any warranty from the end use customer due to the use of prohibited and restricted materials, the cost of any testing or re-validation needed for parts/seats containing Passenger Occupation Detection Sensors (PODS), or any additional validation testing that may be required.

Annual layouts and material testing are required to verify continuing conformance using certified gages and/or equipment. This data is to be kept on file at the supplier location and made available to Theta personnel within the same business day. If requested by Theta, or Theta's customer, the supplier shall furnish a complete submission, on a yearly basis. At minimum, each supplier shall provide a new warrant, new dimensional certification, and new material certifications as a yearly validation, upon request from Theta SQA. This shall be provided within seven days of the request.

All PPAP documentation, including material certifications and pertinent test data, must be submitted in English. Any translation costs required will be billed back to the supplier, and a MDR issued to cover the translation costs and any pertinent administration fees.

Upon expiration of the second interim approval, Theta may issue a MDR to the supplier, with a \$275.00 administration fee for processing the late submission, unless extenuating circumstances exist.

Theta owned tooling must have an asset tag attached, showing "Property of Theta TTS Inc.". Verification of this should be provided by pictures of the asset tags included with the PPAP package.

Sub-suppliers who are providing material to Theta that will be sold as finished goods by Theta to end use customers shall meet all PPAP requirements that Theta must meet with the end use customer. The sub-supplier shall maintain the Theta control plan requirements, and document test data as indicated.

#### **4.1 PRODUCT / PROCESS CHANGES:**

Theta SQA must approve all changes to product and/or process in advance. Suppliers who make changes without approval will be liable for all warranty costs, and rejection costs incurred at Theta and their customers. All changes must have PPAP approval prior to implementation.

Samples may be required for review and to evaluate potential impact on Theta's manufacturing processes. Level 3 PPAP Submission approval is required unless specifically waived in writing by Theta SQA. The supplier requesting the change shall be responsible for all validation costs incurred by Theta, including PPAP costs should Theta have to redo their submissions to the final customer. The supplier will also be responsible for any downstream validations at customer sites.

#### **4.2 PRODUCTION LOCATION CHANGES:**

All production location changes to product and/or process must be requested and approved in writing in advance by Theta Purchasing and/or SQA. Theta Purchasing and Theta SQA will facilitate the development of the tool/process move plan with input from the Supplier. The tool/process move plan must be submitted to, and approved in writing by, Purchasing. The tool/process move plan must include the requirements of a production bank if necessary to ensure Theta's production and service requirements are not affected. Theta Materials will establish the requirements for this production bank, and on-site confirmation of the bank may be required before the move can occur.

Level 3 PPAP submission and approval is required as defined in the latest AIAG PPAP manual prior to the shipment of production material from the new location.

#### **4.3 EXTERNAL PRODUCTION SUPPLIER EXTENDED SHUTDOWN/START-UP AUDIT:**

Theta Purchasing must be notified in writing a minimum of 30 business days prior to an extended production shutdown. Examples of extended shutdown/start-up periods include customer changeover, scheduled preventative maintenance for tooling, machinery or processes or the anticipation of a work stoppage due to Union Contract Negotiations.

#### 4.4 CQI-9 Heat-Treat System Assessment

For all applicable components, it is a requirement that suppliers use heat-treat sub-suppliers who comply with the CQI-9 Heat-Treat System Assessment, or are in compliance themselves. Suppliers must ensure that they or their sub-supplier complete the survey, meet the minimum requirements of the standard, and maintain their compliance. A copy of the finished survey shall be included in the PPAP package. The Assessment can be found at [www.aiag.org](http://www.aiag.org).

#### 4.5 CQI-11 Plating System Assessments

For all applicable components, it is a requirement that suppliers use plating sub-suppliers who comply with the CQI-11 Plating System Assessment, or are in compliance themselves. Suppliers must ensure they, or their sub-supplier, complete the survey, meet the minimum requirements of the standard, and maintain compliance. Plating processes affected by this requirement include, but are not limited to:

- Zinc
- Zinc Alloy Plating
- Surface conditioning of metals for decorative plating
- Surface conditioning of ABS and PCABS plastics for decorative plating
- Decorative plating
- Mechanical plating (all copper silver, gold, passivation, and any and all metal plating addition processes)

#### 4.6 CQI-12 Coating System Assessments

For all applicable components, it is a requirement that suppliers use coating sub-suppliers who comply with the CQI-12 Coating System Assessment, or are in compliance themselves. Suppliers must ensure they, or their sub-supplier, complete the survey; meet the minimum requirements of the standard, and maintain their compliance. Coating processes affected by this requirement include, but are not limited to:

- Aqueous cleaning
- Mechanical cleaning
- Phosphating
- Powder coating
- Electrocoat
- Spray
- Dip/spin
- Autophoretic
- Convective cure

### **5.0 CONTAINMENT POLICY:**

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, data collection and implementing corrective actions. A “green” dot sticker must be placed near each container label, to indicate the product has been inspected/tested to be 100% defect free. Exit criteria will be determined on an individual basis by the Theta SQA.

#### **5.1 EARLY PRODUCTION CONTAINMENT (i.e. GP-12):**

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. Suppliers are required to stay on Early Production Containment 3 defect free production runs or 30,000 parts whichever is greater. Early Production Containment results must be provided upon request.

**5.2 CONTROLLED SHIPPING 1 (CS1) (aka Level 1 Containment):**

Level I containment requires the supplier to implement extraordinary inspection of product to contain a specific failure. This containment is to occur past normal End of Line Inspection, and should be past labeling and packaging. The objective is to determine which material defects were not caught in the normal manufacturing flow. Containment actions must verify that requirements are met and be approved by the Theta SQA. Once assigned, the supplier cannot exit this containment without written authorization from Theta.

**5.3 CONTROLLED SHIPPING 2 (CS2) (aka Level 2 Containment):**

Level II containment requires the supplier to use an independent third party approved by Theta SQA to inspect product prior to release for shipment to the Theta production facility. CS2 containment is initiated once the supplier fails to contain non-conforming product within his or her own facility. It is important to note, that this entails the supplier having normal end of line inspection, continuing their CS 1 level of inspection, and then an additional level of inspection. Theta has the right to require third party inspection to be conducted offsite. Once assigned, the supplier cannot exit this containment without written authorization from Theta.

**6.0 SUPPLIER PERFORMANCE AND REPORTING:**

Theta evaluates direct production material suppliers based on the following criteria:

- Quality Performance - Parts per Million (PPM)
- On-Time Delivery Performance
- Customer Service, Response Time, CI Initiatives

The supplier must maintain a rating of 85% or higher. If their rating falls below 85% a MDR is issued and a corrective action plan is required to be submitted to Theta SQA.

Performance information is used to prioritize opportunities for improvement within the Theta supply base. It is used to communicate performance to our suppliers and is also used to evaluate future Theta sourcing opportunities.

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

**6.1 MATERIAL DEFECT REPORT (MDR):**

The supplier shall be debited for any/all product failure costs determined to be the responsibility of the supplier, regardless if failure occurred prior to or after shipment to the end/final customer. Product, logistical and service nonconformance/complaints will be reported through the use of a MDR. This form will also be used to inform the supplier of the request for written corrective and preventive action.

Upon the receipt of a MDR, the supplier will provide authorization for disposition within 24 hours. Failure to make disposition within 24 hours, will empower the Theta site to make disposition at the suppliers' cost. All materials returned, reworked, scrapped will be counted against the suppliers' PPM. If a supplier does not agree with the MDR charges, an appeal can be made to Theta SQA.

Corrective Action must be reported on the form required within 24 hours and include at a minimum interim containment actions. Updates must be submitted every five business days until closure.

There will be no time limit for rejection of production materials. Components and/or raw materials shall remain viable for use throughout the life of a program, regardless of when they were purchased, unless a shelf life period is assigned and agreed to with Theta Purchasing, prior to a written purchase order being given for the materials.

Any material that is found to be discrepant at time of use will be returned to the supplier, through the issuance of a MDR.

If shipment of nonconforming or suspected nonconforming product has been detected by the supplier and is in transit or has been delivered to Theta, the supplier must immediately notify, by phone, the Quality Department.

## **6.2 REJECTED MATERIALS:**

The supplier shall adjust CUM shipped downward, upon receipt of a MDR documenting rejected material. The supplier must immediately replace rejected material regardless of total CUM shipped.

Theta will determine freight method while minimizing cost to the supplier, but will ensure that the end customer does not suffer material shortages. The supplier will get shipping instructions from Theta Materials department to replace rejected material. This will be based on customer coverage.

## **6.3 LOT TRACEABILITY**

The supplier is required to maintain a formal lot traceability system, which can identify the status of each individual container of product shipped to the Theta Group. At minimum, the supplier shall be able to trace:

- Date the lot was produced/serviced and be able to trace it back to Theta's lot information
- Date the lot was shipped to Theta.
- Raw material traceability for raw materials used to produce the product.
- This material must be kept on file, and available to Theta for further review for the life of the program.

## **7.0 INCOMING QUALITY MEETINGS:**

Theta may conduct QIP (Quality Improvement Process) meetings for top problem suppliers who are required to attend and present containment/corrective actions. Top problem suppliers are identified based on the following:

- Performance History/ Repetition of Issues
- Responsiveness to Concerns
- Warranty Issues
- Issue Severity
- Secondary audits
- Third party audit results
- Plant feedback

## **8.0 COST RECOVERY POLICY:**

Suppliers are liable for all costs incurred by Theta and end use customers according to the Terms and Conditions of Purchase. Charges may include (but not limited to):

ALL SUPPLIERS – Charges to suppliers will be based on local rates of the affected Theta manufacturing location.

ADMINISTRATIVE CHARGE - Each Product Complaint Notice (MDR) has an administrative charge of \$275 covering the collection of data and documentation of the quality incident/spill. This fee may be increased or decreased at Theta's discretion, and will include any customer charges issued to Theta related to the supplier's product. Administration fees will be doubled for each containment break on any product on CS1 or CS2 controlled shipping.

OTHER CHARGES - the following types of charges will be calculated on the actual time and costs incurred for the associated action:

- Rework/Repair/Scrap Supplier Fault
- Dispositioning of Supplier Fault Scrap
- Premium Freight Costs including Air Charter if Required
- Overtime to Avoid Production Interruption
- Production Down Time for Theta and its End Customer
- Sorting of Suspect Material In-House, at Customer Location or Third Party and Contractor Costs
- On-line Containment
- Tear-Down (Minor, Major, and Complete) and Outside Lab Testing
- Customer Returns Including Hourly Charges, Transportation and On-Site Inspection Services

- Customer warranty charges directly tied to the supplier's products.
- Meeting Customer Environmental Reporting and Documentation Requirements
- Receiving Inspection, Material Handling and Freight Associated with Scrap and Replacement Material
- Transportation Waiting Charges, trailer storage charges
- In case of length discrepancies, roll length will be determined by flat table and tape measure, not true- meter

## **9.0 ISO 14001 AND OTHER ENVIRONMENTAL REQUIREMENTS:**

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

### **9.1 OTHER ENVIRONMENTAL REQUIREMENTS:**

All Theta suppliers must work proactively with Theta to reduce the environmental footprint of Theta'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 Theta's customers. Suppliers are wholly responsible to ensure that no GADSL prohibited substances are used in the components provided to Theta. Suppliers are responsible to ensure that no banned substances are used in their products, per the legislative and/or regulatory requirements for the country of origin, and any country where the parts may be used (i.e. The Canadian ban on BNST for March 15, 2015. This would apply to any parts produced in Canada, or produced in North American that may be exported to Canada).

### **10.0 Advance Shipping Notice (ASN):**

All suppliers supplying production parts, assemblies, components and production materials to Theta shall send ASN's with each shipment.

### **11.0 CONTRACT REVIEW:**

Service Parts, Pricing and Support Pricing and delivery of service parts must comply with OEM requirements and authorizations.

#### **11.1 BUILD OUT/OBSOLESCENCE:**

The supplier shall have detailed procedures in place defining the responsibilities and methods to be used in Materials to manage build outs and engineering changes to minimize obsolescence. Theta shall be responsible to purchase raw material and finished goods that the supplier has been authorized to purchase and produce, according to the Material and Fabrication Authorizations.

The supplier shall have fifteen days from the end of production to file the obsolescence claim with Theta, unless otherwise indicated by the OEM terms for the final obsolescence claim. The supplier shall submit their claim a minimum of three days prior to the customer deadline, in order that Theta have the necessary time to validate the claim and verify the totals prior to submission of the claim to the customer.

It is the responsibility of the supplier to verify the obsolescence claim terms with the appropriate person in Theta Materials, to ensure that their claim is submitted within the appropriate timelines for payment.

Theta Materials Group, and/or their appointed representatives, may audit the obsolete material at the supplier, to validate the claim. This material must be put in an area that allows complete access to all containers, so that it can be readily counted. Failure to make the material available for count may negate the supplier's obsolescence claim.

The supplier shall receive payment for the obsolescence claim, once Theta has received payment from the end customer.



## **11.2 SERVICE PARTS, PRICING AND SUPPORT:**

Service parts must be supplied at production pricing with no additional set-up charges for a period of 5 years after original production build out. Thereafter, parts must be supplied at agreed to pricing, for a minimum of fifteen years.

The supplier shall be responsible for service for the interval established by the OEM to Theta, should that exceed the fifteen-year time frame.

The supplier shall maintain all PPAP data regarding parts, until the service part interval plus one year has passed.

An updated IMDS submission may be required for service parts, if requested by the end use customer.

All suppliers to Theta are required to supply parts for past model service in five (5) weeks or less from receipt of purchase order.

The production supplier must accept service life responsibility including, but not limited to, maintenance and storage of tooling, process control plans, operator instructions, warranties, etc., for the running of all service parts.

The production supplier may be responsible to PPAP service parts if required by the final customer, or if non-production tooling is used to provide the service material. Upon completion of the required service term, a request must be made through Purchasing to obtain authorization to dispose of tooling from the OEM.

The supplier will be responsible for all storage costs pending resolution with the OEM.

Under no circumstances is tooling to be destroyed or disposed of prior to documented OEM authorization.

## **12.0 HANDLING, STORAGE, PACKAGING, PRESERVATION AND DELIVERY:**

### **12.1 PACKAGING AND LABELING:**

The choice of packaging could have a significant effect on product quality and is to be considered during feasibility evaluation. Shipping trials must be conducted to evaluate the ability of the packaging to preserve product quality. Packaging must be approved and the supplier shall not make changes without prior approval by Purchasing.

Containers shall be ergonomically designed to reduce the exposure to injury when handling pallet-sized containers. Containers shall conform to AIAG size standards. For less than pallet-sized containers, total package weight, when full, shall not exceed 35 pounds (15.9 kilograms). Protective wrapping or specified pallets may be required by Theta.

All suppliers shall operate under written packaging and labeling procedures in accordance with AIAG standards. Each separate unit of packaged product shall have labels on two adjacent sides. Failure to comply with customer requirements on labeling is cause for REJECTION.

Parts for service must be packaged according to the end use customer's service part packaging requirements, when specified by Theta.

Should Theta need to generate a shipping label for a container, in order to use it within our manufacturing system, the supplier who failed to follow the appropriate label guidelines shall be charged a minimum five-dollar fee per label generated, plus the standard administration fee for the MDR generated to collect the labeling fee.

Any materials that are controlled or that have a specified shelf life must be clearly identified on the label, and contain a "Do Not Use after This Date" notation.

Sample materials shall be clearly identified. Each container of sample material shall have a "Sample Material, ATTN XXXXXX" label affixed to each side of the shipping container. The label shall be of a different shade of material than the standard shipping label, so that it stands out as sample material. Should sample material be mixed on a pallet with normal production material, the pallet must be clearly labeled as "Mixed pallet, sample material enclosed". The Bill of Lading for a

shipment that contains sample material must have the sample material on the shipment clearly identified, and must contain the phrase "Sample Material, ATTN XXXXXXXX", clearly identified on the paperwork alongside the part number.

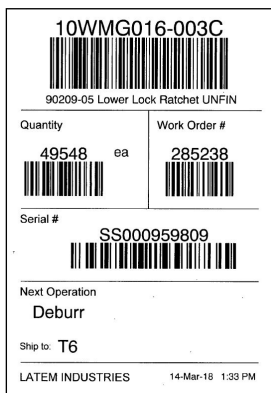
**12.2 RETURNABLE CONTAINERS:**

Expendable packaging will not be accepted unless the supplier obtains written authorization from the Theta Purchasing Department prior to initial production shipment. Theta requires packaging, dunnage, and palletizing product to be returnable, reusable, or recyclable. Reasonable care in use and handling of containers shall be exercised. Chronic problems with container damage shall be referred to the Theta SQA for equitable disposition. If the supplier is not in possession of returnable containers or the containers received are in poor condition, the supplier is to contact the Theta SQA for direction and resolution.

**12.3 LABELING:**

All material shipped by the Supplier shall be identified with a label that will ensure product identification and traceability throughout all stages of the supplier's production.

Due to the variety of products purchased and manufactured by Theta, component suppliers shall use bar code shipping labels (reference AIAG Shipping/Parts Identification Label Standard, AIAG-B-3). These labels require all of the following information, unless other arrangements have been made with Purchasing.



WIP labels will include the following unless otherwise agreed upon.

- Part number
- Product description (optional)
- Quantity and Unit of measure (as specified by Theta PO)
- Serial number per package
- Next Operation
- Ship to location
- Supplier name

If any lot information is missing from the label from Theta, it is the responsibility of the supplier to contact Theta and obtain that information.

All Finished Good Labels will be customer specific and require approval from SQA before using.

Compliance to all legislative and regulatory labeling requirements related to their products, including proper identification of all hazards and handling requirements.

To prevent mislabeling concerns on returnable containers, it is the suppliers' responsibility to remove all old labels not included in the label bag.

**12.4 VOLUME ADJUSTMENTS:**

The supplier shall assure, through plant utilization records, that manufacturing can support an increase of 20% within five (5) working days. If a volume reduction occurs, the supplier should store material on their site, until delivery is called for by Theta, at no charge to Theta.

**12.5 RELEASES:**

Failure to receive a release does not constitute reason for short shipment. When a supplier does not receive a release on time, the supplier shall notify Theta Purchasing; while using the previous week's release and adhering to the same dates required. The supplier shall review the new release when received, and notify Theta if there is any chance that the release cannot be met.

Theta will not be responsible for any storage charges due to decreased releases from our customer, and may not accept any over shipments. Theta will continue to work with the customer and supplier to resolve release volatility issues.

If non-delivery, delayed deliveries or short shipments are anticipated, ALL suppliers must immediately notify the Materials Manager. Supplier concerns regarding meeting volume increases must be communicated to the site Materials Manager within 24 hours of receipt of the release.

The supplier must be able to manage Theta releases. Releases will be sent weekly and will go out as far as our customer releases, and will clearly define Fabrication and Material Authorization. Releases will show cumulative requirements, and must be reconciled jointly between the supplier and customer weekly. The supplier will provide proof of delivery (shipping documents) to reconcile CUM's. The supplier is responsible to inform Theta of any known CUM discrepancies.

#### **12.6 CUSTOMS:**

All shipments shall be accompanied by the proper customs documentation to ensure efficient, on time, border crossing. Shipping documents (packing slip, bill of lading, commercial invoice) will reference Theta part number and description. If documentation is missing or incomplete, the supplier shall assume all subsequent costs.

All customs documentation, including commercial invoice, must be emailed or faxed to Theta's Customs Broker when load leaves supplier's dock. If further information is required, the supplier shall contact Theta Materials Manager.

Every January, supplier will supply NAFTA Certificate of Origin to the Theta Customs Broker for all materials supplied.

#### **12.7 IN-BOUND FREIGHT:**

The supplier shall have a program in effect with their suppliers, which allows, at any time, for carrier assignment and tracking of in-bound products. The supplier material control activity shall assure raw material and component availability through documented communication between production, manufacturing, and purchasing activities.

#### **12.8 OUT-BOUND FREIGHT:**

Unless otherwise specified, the customer shall be responsible to coordinate freight carrier and schedule. The supplier is required to use Theta designated carriers; however, suggestions for improvement may be forwarded to the Theta Materials Management Department.

The supplier, when utilizing the Theta mandated freight lines, shall assume all charges associated with truck "wait-time" in excess of ½ hour of the appointed arrival time at the supplier facility.

Supplier's receiving load sheets, must contact Theta Materials Management if all the requirements on our load sheet cannot be shipped, before the truck is released.

Any charges generated by the use of an unauthorized/ unapproved carrier shall be at the suppliers' expense.

#### **12.09 PHYSICAL CONDITION:**

All trailers are expected to be clean and in good, useable condition. Any trailer damage shall be reported to the carrier prior to loading of product.

Damage to the load due to faulty carrier equipment or damage while in transit shall be reported to the supplier by the receiver and addressed through an insurance/damage claim filed by the supplier against the carrier.

**12.10 UNLOADING AND TRANSFER OF MATERIALS:**

All suppliers shall comply with unloading procedures established at Theta's facility. The supplier shall have appropriate training in the use of the transfer equipment, personal protective equipment (PPE) and chemical hazards.

The supplier is to provide his or her own PPE in accordance with the facility procedure and hazards of the material being transferred.

In the event of an emergency, all suppliers shall follow plant emergency procedures. It is the responsibility of the supplier to become familiar with the procedures at each location they supply.

**13.0 STATISTICAL TECHNIQUES:****13.1 CONTROL CHARACTERISTICS:**

Characteristics should be mutually agreed upon by Theta and the supplier and chosen during Advance Product Quality Planning. Characteristics should be based on product function, design intent, fit, manufacturing process or other factors, which may contribute to an out-of-control condition.

**13.2 UNIDENTIFIED KEY PRODUCT/CONTROL CHARACTERISTICS (KPC/KCC'S):**

If the customer has not identified key product/control characteristics, the supplier shall choose process and/or product control characteristics, which pertain to product manufacturing. Theta SQA must approve the chosen key product/control characteristics affecting manufacturing processes.

**13.3 KEY PRODUCT/CONTROL CHARACTERISTICS (KPC/KCC'S):**

When key product/control characteristic designation is identified on drawings, specifications, supply agreements, or purchase orders provided by the customer, the supplier is required to maintain statistical data on that characteristic and be capable of providing it to Theta's SQA as requested.

**13.4 COMPONENT SUPPLIER STATISTICAL DATA SUBMISSION:**

Component suppliers are required to maintain summaries of average Cp and Cpk indices for their parts, and should provide this data in the first week of January, April, July, and October. Additional statistical information may be requested for assistance during problem solving or for variation reduction initiatives. It is advised, that suppliers submit the data via fax, email or mail and verify receipt of statistical data. It is the supplier's responsibility to ensure that the data reached the appropriate personnel, who requested the information.

**14.0 INCOMING PRODUCT QUALITY:**

Compliance with the IATF 16949:2016 incoming product quality requirements will be established by a combination of the following:

- Review of SPC on KPC/KCC's when requested by the SQA. Attribute SPC may be accepted with the concurrence of Theta SQA.
- Monitoring of the supplier's performance.
- Acceptable functioning of the supplier's product in Theta's process will constitute the inspection process. Non-functional or discrepant parts will be rejected by the MDR process. The performance of the supplier will report via the Supplier Evaluation System.
- 3rd party assessment of the supplier to IATF 16949:2016 or ISO 9001:2015. Theta may choose to perform a 2nd party assessment via the PSO process (3.4). Performance of the supplier will be monitored via the Supplier Performance System (7.0).
- Lab evaluation of the supplied product by a "designated lab". Suppliers with IATF 16949:2016 registration can conduct the evaluation on their own products themselves. Other suppliers must utilize a 3rd party lab registered to ISO 17025.
- Annual validations per 4.0 may be used to satisfy this requirement.

**16.0 CUSTOMER DIRECTED SUPPLIERS**

Customer directed suppliers shall meet all requirements outlined within this manual. PPAP requirements may be waived if the end customer agrees to sign PPAP warrants, and agrees to accept all responsibility for the components and materials provided by the directed supplier. A monthly Supplier Performance rating will be provided for all directed suppliers. Directed suppliers are required to follow all containment directives provided by Theta SQA.

**17.0 REVISIONS**

Level	Revision	Date	Revised By
Rel	Initial Release	5 June 18	Ralf S. / Susan D.

## ACKNOWLEDGEMENTS

Please sign and return this page to indicate receipt and acknowledgement of the Supplier Manual.

\_\_\_\_\_  
Supplier Company Name

\_\_\_\_\_  
Supplier Reviewer and Job Title (Printed)

\_\_\_\_\_  
Supplier Reviewer Signature

\_\_\_\_\_  
Date