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1. Introduction

The purpose of this manual is to communicate to our suppliers the main procedures and systems that are used from the selection of suppliers, development, manufacture and maintenance of the products supplied to FICOSA:

This manual applies to all suppliers that are supplying parts to any of the FICOSA plants worldwide.

2. Requirements to enter the Panel

The general requirements in order to be included in the Ficosa Supplier Panel are the following:

2.1 A supplier to Ficosa, has to show evidence that they have an established effective quality management system in place, ISO 9001, VDA, ISO/TS 16949 certified by a third party. Ficosa recommends all its suppliers to certify their Quality Management system according to ISO/TS 16949 standard.

2.2 Approved Ficosa Process Audit

<table>
<thead>
<tr>
<th>SCORE</th>
<th>EVALUATION</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (90 – 100%)</td>
<td>Meets</td>
<td>Supplier can enter the panel, no further actions required</td>
</tr>
<tr>
<td>B (70 – 89%)</td>
<td>Meets but needs improvement</td>
<td>Supplier must send action plan, upon approval of plan supplier can enter panel</td>
</tr>
<tr>
<td>C (&lt; 69%)</td>
<td>Does not meet</td>
<td>Supplier is not considered appropriate to enter the panel</td>
</tr>
</tbody>
</table>

2.3. A Specific Company Self Assessment will be provided by the Buyer and must be filled out and returned.

This Company Self Assessment consists of the following:
- General Company data
- Financial Data
- Manufacturing Resources Data
- Self – Evaluation

2.4 Comply with the environmental regulations and requests of the country where the product is going to be produced and/or used, including but not limited to the Directive of ELV (2000/53/EC and its updated Annex II), REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) CLP/GHS (Classification, labeling and packaging of substances and mixtures) and the Dodd-Frank-Act in respect to Conflict Minerals (gold, tin, tantalum and tungsten sourced from conflict regions as the Democratic Republic of Congo and adjacent countries), as well as labor laws in general, working hours and employment conditions, workers rights, employment benefits, subcontractor selection, safety of vehicles and installations, etc.

2.5 In the case that Ficosa requires the assistance of a Supplier to design a component, a Partner for Development and Design will be required (PDD). These Suppliers will be assigned in order to achieve the design freeze of the components, taking into account the timing, quality and cost of the components. Besides the general conditions to enter the panel, there is an additional assessment that needs to be fulfilled in order to be a PPD for Ficosa.
2.6 To be registered at Ficosa B2B portal. For specific instructions on how to register in the portal go to www.ficosa.com and follow the links to the supplier access.

2.7 The Ficosa Supplier Panel is distributed into three main branches

**Chemical Commodity**
- PA (Raw Material)
- PP (Raw Material)
- ABS/ASA (Raw Material)
- POM (Raw Material)
- PVC (Raw Material)
- PC (Raw Material)
- PBT (Raw Material)
- TPE (Raw Material)
- PE (Raw Material)
- Paint raw materials
- Rubber Mouldings
- Knobs & Boots
- Foam parts
- Packaging
- Blinjection
- Overmouldings and subassy
- Structual parts (Common PI parts)
- Style Pieces (IMD and other specific technologies)
- Painted Parts
- Chromed Parts
- Catalogue parts
- Blow Moulding
- Thermic protection tubes
- Rubber tubes
- PTFE tubes
- Thermoplastic Tubes
- Tubes Assembly
- Corrugated Tubes
- Miscellaneous Chemicals

**Electric & Electronic Commodity**
- Batteries
- Displays
- Passives
- Speakers
- Connectors
- Printed Circuit Boards
- Semiconductors
- PCA Switches
- Remote Commanders
- Buzzers
- Microphone
- Optical components (cameras / lenses)
- FPC (Flexible Printed Circuit)
- GPS antennas
- Solenoids
- PCA
- Wire Harness + Temperature sensor and connectors
- Mirror Glass actuators
- Power Folding Actuators
- Glass Heater Pads
- Lighting Systems
- DC Motors
- Pumps
- Level Sensors
- Exterior glass mirrors
- Interior glass mirrors
- Plastic glass mirrors
- Glass adhesives
- Miscellaneous Electrics

**Metalic Commodity**
- Wire Rope Galvanized
- Wire Rope Stainless Steel
- Wire Stainless Steel
- Wire Phospated/Galvan.
- Metal Sheet Stampings - Embossing
- Fine Blanking
- Screws, Nut - washer - Fasteners
- Mechanized Parts - Shifter Levers
- Cold Stampings
- Sintered Parts
- Forged Parts - Hot Forging
- Springs
- Tubes (Metallic)
- Zamak Raw Material
- Zamak Parts
- Aluminium Raw Material
- Aluminium Parts
- Magnesium Parts
- Conduit
- Cables - Final product - Mirror Cables
- Miscellaneous Metallics

2.8 Packaging and catalogue parts do not require all of the above requirements, only a third party certificate, approval of the purchasing committee and registering in the portal is required.

3. **Request for Quotation**

A formal RFQ will be submitted to the Supplier. The type of information will consist of:

- 2D / 3D data
- Feasibility Check List (P-CP-XX/XX-02-F)
- Special Characteristic document (P-CP-XX/XX-02-D)
- Logistic & packaging form (P-LL-XX/XX-01-A & P-LL-XX/XX-01-B)

The Supplier is expected to review all the documentation delivered, request more information if needed, sign and upload the documents in the Ficosa Purchasing B2B portal within the required deadlines.
4. Feasibility Check.

The purpose of this document is to help the Supplier assure that they can manufacture the part reviewing in a general way the means, technology and capacity to do it.

The tear down of the checklist is as follows:

- Delivery of the samples on required date
- General knowledge of FMEA, PPAP, Statistical Studies, etc
- Availability of specification, standards, drawings from FICOSA
- Confirmation that Special Characteristic can be met
- Feasibility of the current means of production versus the specifications
- Technological Capacity confirmation
- Control means available
- Material regulation (IMDS, REACH, Conflict Minerals, etc)
- Humidification chamber when applies
- Production capacity confirmation
- Tooling life problems for any carry over part

This document should be signed only after reviewing the data received. It is important to review all of the information mentioned on the drawing, assuring that the standards, specifications, materials and measurements can be manufactured in mass production.

Any item that is not clear or that is deemed that needs to be changed in order to obtain an Ok feasibility, must be clearly pointed out on the feasibility checklist, and should be explained in full detail.

5. Special Characteristic Agreement (CRT).

Within this document you will find the characteristics identified by the FICOSA Engineering department or by our Final Customer that affect directly either the function or appearance of the finished product, as well as any governmental laws that the final product must fulfil.

It is the supplier’s responsibility to:

- Assure that the characteristics mentioned are achievable
- Highlight the suggested control method
- Highlight the suggested control frequency

Any item that is found not feasible must be clearly written in the feasibility checklist and explained in full detail along with any potential suggested changes to make it feasible.

6. Logistic & Packaging

The logistics conditions as well as the packaging are elements that can alter the quality and the price of the product. Along with the RFQ, the supplier has to fill an initial proposal for the Logistic Condition Form and the Packaging Definition Form. These documents will be reviewed by the Buyer and the plant, if all is found Ok they will be signed off.

Logistic Condition Form (P-LL-XX/XX-01-A)

This document summarizes all of the costs for transportation and delivery, it contains the following items:

- Packaging cost
- Lead times
- Minimum Stocks
- Delivery conditions (FOB, EXW, DDP, etc)
- Delivery Frequency
7. Kick Off Meeting

This meeting is held to assure an effective communication between the supplier and FICOSA, identifying potential problems throughout the development of a component.

The main contents of the Kick Off meeting are:

- Review of Contacts
- Review the feasibility checklists
- Review delivery dates expected for each phase
- Assure that the eng. level of information the supplier has is up to date
- Establish the APQP of the project
- Review any specific testing that the part needs to comply
- Establish a follow up of the tools and fixtures needed for the project
- Plan STA visits to verify 1st off tools, and subsequent productions

During these meetings the supplier can highlight:

- Design optimization of the part:
  - Dimensional
  - Appearance
  - Performance
    - e.g. weak sections, sharp edges, missing ribs, extra thick sections, material selection, etc.
- Features of the design that can improve manufacture
- Items that can optimize packaging
- Any cost reduction opportunities
- Any lesson learned from other products that can be applied to this design
- Any concern over the CRT’s defined for the component
- Reconfirm of production capacity

It is the supplier’s responsibility to recheck and confirm feasibility.

8. Advance Product Quality Planning (APQP)

In order to be able to fully approve a component a series of deliveries of samples and documentation must be submitted. Each one of the steps are described below:

8.1 HS1 (Test Tool Parts)

This step is used to verify that the tooling (if applies) is working properly, it will also help identify major changes that need to be done in order to continue with the approval process. There is no requirement to deliver parts from this step.

8.2 HS2 (1st Off Tool Parts)

Provide FICOSA with the necessary parts to do initial checks on the design, and provide the supplier of feedback on the process to implement possible corrections.
The main characteristics and information required of these parts:

- Must be Off Tool parts
- Reworks are allowed on the parts
- List of reworks (if any was done) must be included
- Special Characteristics (CRT’s) must be inside of tolerances
- Material used must be the one indicated on the drawing
- Parts will be used for Design Validation (in the case where no prototypes were available)
- Usually injected at the toolmakers house

As established at the KOM and subsequent Technical Reviews, before producing these parts, the supplier must inform the STA, to schedule a visit for the trial.

The output for the supplier will be:

- List of modifications to the tool as necessary
- Detect countermeasures to correct non conformance measurements
- Verify parts with checking fixtures
- Feedback from FICOSA on possible tool modifications or corrections

If reworks were performed on the parts, they need to be reported to the STA.

### 8.3 HS3 (2nd Off Tool Parts)

These parts will be used to review the modifications performed based on the first delivery. The corrections should be based on the feedback from FICOSA plus the corrections already detected by the supplier.

The main characteristics and information required of this second set of parts are:

- Dimensional must be 100% ok
- Appearance must be Ok
- Reworks are NOT allowed
- Usually injected at the toolmakers house
- Parameters to produce the parts should be documented

As established at the KOM and subsequent Technical Reviews, before producing these parts, the supplier must inform their STA, to schedule a visit for the trial.

The output for the supplier will be:

- Take quick countermeasures to correct non conformance measurements
- Request any drawing change on non critical measurements
- Verification of the stability of the tool and process
- Receive the Ok to grain from FICOSA if it applies

### 8.4 HS4 (Parts for Validation)

Its purpose is the final verification of the tool, its production capability and appearance approval.

With the internal corrections identified by the supplier, along with the feedback or modifications provided by FICOSA, the final optimization of the parts should be performed. Parts that will come out of this optimization loop must be presented for component validation.

These parts will be taken into account to calculate the Initial Sample Quotation, which will provide inputs for the supplier project rating called “IMI”.

The main characteristics and information required of these parts:

- Special characteristics (CRT) must be ok and capable
- Parameters should be final parameters and documented
The parts should be produced in the final serial conditions

PPAP documentation should be delivered along with the parts

As a general rule; unless otherwise agreed with the STA; these are the documents that have to be delivered at each one of the steps.

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>HS2</th>
<th>HS3</th>
<th>HS4</th>
<th>HS5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensional</td>
<td>Complete dimensional report versus drawing (ballooned drawing to help compare drawing vs. report) 5 parts per cavity must be measured</td>
<td></td>
<td></td>
<td>X*</td>
<td></td>
</tr>
<tr>
<td>Material report</td>
<td>Raw material report, should match the material request on the drawing, report cannot be older than 3 months</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>IMDS</td>
<td>IMDS report should be submitted to the corresponding Ficosa ID. Copy of the submission should be presented</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Appearance.- Report</td>
<td>Only to attach if the part needs an appearance approval</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Appearance.- Boundary samples</td>
<td>For appearance parts, boundary samples should be presented and agreed (1 set for supplier, 1 set for Ficosa)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Capabilities</td>
<td>Cpk value &gt; 1.33, Ppk value &gt; 1.67 30 values per cavity * Unless OEM specifies otherwise</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Test Results</td>
<td>Test reports according to the specifications mentioned on drawing</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Packaging conditions</td>
<td>Packaging sheet showing the type of container, arrangement of the parts in the box, type of box, etc.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Identification / Traceability</td>
<td>Identification of the component should be according to the drawing. There should also be a way to track the production date of the component</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Process FMEA</td>
<td>PFMEA should reflect the special characteristics that were given by Ficosa</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Reinforced control plan (pre-serial)</td>
<td>Control plan must reflect the special characteristics mentioned on the CRT agreement. The frequencies on this control plan must be increased for the first 3 months of production.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Serial Control plan</td>
<td>Control plan must reflect the special characteristics mentioned on the CRT agreement. The frequencies on this control plant must match the ones agreed on the CRT’s It must also mentioned the controls that are to be done during the set up approval of the line</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Process flow chart</td>
<td>Flow chart should be aligned with the operations of the PFMEA.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Work instructions</td>
<td>Initial work instructions should include the operations and controls performed during production</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Gage description + R&amp;R + use</td>
<td>Gage instructions and R&amp;R study</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Sub supplier APQP</td>
<td>Only need PSW of subcomponents that are purchased</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Maintenance plan</td>
<td>Preventive maintenance plan for the machines/tools involved on the project, showing frequencies and characteristics to be checked.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Recommendations of use</td>
<td>If any type of special care need to be done when handling the part (assembly, taking out of the box, storage, etc) it must be clearly specified</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Process Audit</td>
<td>Must be coordinated with STA, either to make a self audit or audited by the STA</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Run@Rate</td>
<td>Must be coordinated with STA, either to make a self trial or performed by the STA</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>PSW</td>
<td>Part Submission Warrant</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

* With exception of HS2 dimensional reports need to be of minimum 5 parts per cavity

9. **Boundary Samples**

Their purpose is to establish limits especially on appearance items, when it is difficult to quantify using only the written specifications.

Boundary samples are used to help identify the acceptance limits of a characteristic that is hard to define. This boundary samples can be permanent or can be used temporarily.

- Should be obtained from the production trials performed for parts validation
- These parts should be representative of the process capability
- A minimum of two sets must be identified for each characteristic; one will remain with the supplier and the other with the production plant.
• If boundary samples with sub suppliers are needed, they should follow the same procedure
• Boundary samples must be kept and maintained thru out all of their validation time or until the end of production
• Boundary samples must be clearly identified; part and identification tag must be signed off.

Boundary samples must be identified, tagged and presented to the STA for revision with the production plant and project team.

If they are accepted, they will be signed off. If they are deemed not acceptable, FICOSA will negotiate the boundary sample upon reviewing the process capability

All esthetical parts must have boundary samples

10. Product Identification and Traceability

The supplier shall meet with the product identification requirements that are called out on the drawing and with the international standard for identification.

This identification typically covers:

- Part number
- RH / LH identification
- Cavity number
- Date of manufacture (year, month, day, shift, operator, which ever applies)
- Regulation marks that apply

The supplier should have a system that allows them to accurately determine the lot size, the material in process stock, in transit and at the customers manufactured on the same date, allowing the supplier to segregate material effectively.

The supplier should also be able to track a component in all of their production stages up to the raw material used. Including parameters, people, production equipment and inspection results.

11. Run @ Rate and Process Audit

Its main purpose is to allow the supplier to test out the production method, capacity and capability, by manufacturing parts fully off production tools and process, at mass production speed and quality.

11.1 Run @ Rate

Besides proving that the production system is capable of producing with the required capacity and quality, this trial should enable the supplier to identify problems or potential problems that could exist before the Start of Production.

This trial should not be only focused on producing parts, it should be used to test the complete manufacturing system, for example, parts per hour, machine downtime and problems, scrap levels, parts flow, material feed, in process quality checks, etc. The trial must take place in the final manufacturing location using final resources and means.

In order to be able to perform a Run @ Rate the following must occur:

- Equipment must be in final location and layout
- Machine Process Parameters should be defined and used
- Production flow must be followed
- Operators must produce the parts (can be under training)
- Team leaders (or equivalent) should supervise the production build
- Checking fixtures available and used
- Material handling and parts feed system being used
• Work instructions defined and in place
• Rejected parts flow defined in the working instructions
• Control Plan implemented

The amount of time the production trial should last is determined between the STA and the supplier, being 2hrs the minimum time allowed.

The STA will evaluate the outcome of the Run @ Rate.

11.2 Process Audit
In addition during the Run @ Rate a process audit will be performed, this can be done at the same time of the Run @ Rate, as a majority of the process audit can be observed during the trial.

The Objective of this Process Audit is to identify weak points that the supplier can have, in order to plan corrective actions before the Start of Production.

The parts produced during this Run @ Rate are used to deliver to Ficosa to make the final test and provide the final approval to the supplier.

12. Start Of Production
The supplier shall develop a reinforced control plan prior to the SOP. This control plan should cover the initial 3 months of production, and it should include additional samplings, checks, tests or frequencies to assure that quality issues are contained within the Suppliers facility.

13. Annual Lay-Out
Unless otherwise specified, a complete layout inspection is required. All suppliers must revalidate their respective components and submit the documentation to the production plant and their SQI. The minimum requirements to revalidate are the following:
• Full dimensional report
• Capacity studies on all special characteristics
• Material certificate

14. Non Conformity Management
The supplier as well as FICOSA is committed towards a zero-defect goal. FICOSA will set annual targets as interim goals that will be orientated to achieve the zero-defect goal. If the defect rate of a supplier is below the interim goal, this does not release the Supplier from his responsibilities to correct all non conformities and implement continuous improvement activities.

14.1 Communication
The formal method of communicating a problem from Ficosa to Supplier with the components supplied is through an incident report (QCR).

Suppliers might receive a non official QCR, which is considered as an alert, suppliers are expected to investigate and correct the problem, before it becomes an official QCR.

In the event that a non conformity with the product being delivered by the supplier is found; regardless of the location (warranty, final customer, production line, product audits, etc) a non conformity will be issued to the correspondent supplier.

14.2 Containment
After notification of the non conformity, the supplier must react with all the necessary actions to protect FICOSA against recurrence of the defect, preventing interruption to the FICOSA production lines.
This actions can be, but are not limited to, replacement of the defective material, sorting of the defective material, reworking the defective material or destroying the material. This can be performed by the supplier itself or a hired third party, and must be agreed with FICOSA within 24hrs of the notification of the non conformity.

These actions should be agreed using the format P-CP-XX/XX-04-A to formalize the decision taken. If the selection of the material is done by the supplier there is no need to fulfil this document.

It is important to identify the material in such way that a cut off point can be determined.

In the event that the supplier fails to implement an effective containment, the Supplier might be placed on a Control Shipping status, where an external company (at the Suppliers expenses and approved by FICOSA) will verify 100% of the product for the defective characteristic, until the Supplier has implemented the necessary actions.

14.3 Root Cause and corrective actions
The supplier should use problem solving techniques (brainstorming, 5 Why’s, Fish Bone diagrams, DOE, etc) in order to determine the root cause of the problem and the respective corrective actions.

The general timing expected to receive a complete 8D report, with the corrective actions identified, with their respective responsible and due dates is 10 days, unless otherwise is agreed with the production plant.

As a guide for the 8D methodology, checklist I-QA-XX/XX-33 shall be followed.

14.4 Parts per million (ppm)
There will be two types of defective parts that are taken into consideration, ppms and sppms (sorting ppms).

- Ppms affecting the supplier rating.- These are calculated using the actual defective parts that have impacted the production line, our customer, the final user, or found during the incoming inspection. Basically parts that impact before supplier intervention.

- Sppms (Sorting ppms) NOT affecting supplier rating.- These are calculated using the amount of parts that are found after supplier intervention (sorting, rework) and line rejects that do not cause an official QCR (Alerts).

The main difference between ppms & sppms is the supplier intervention.
15. Change Request

15.1 Process/Product Change Request

If during serial production, the supplier is in need of performing a change to the process or to the product, it must be communicated in written to FICOSA (P-CP-XX/XX-03-E)

The Process Change Request should be filled out for any of the following changes:

- Sub-supplier change
- Manufacturing Location change
- Manufacturing Process (machinery or layout) change
- Material change
- New tool
- Tooling modification
- Design Change of component
- Packaging change

The Process Change Request should be sent at least 60 days before the planned modification date of the change. The reason for the change must be explained in detail in the Change Request format, along with a detail planning of the change.

Changes shall not be implemented prior to receiving written approval from FICOSA.

In the case that the change is approved, it is the supplier’s responsibility to continue with the scheduled plan.

Ficosa reserves the right to visit the supplier’s facility to verify the status of the change.

15.2 Process/Product Deviation Request

In the event that the supplier finds production problems that force to produce the product in an alternative manner or in cases where a specific characteristic of the component is not being met (material, dimensions, appearance, machinery, rework is needed, etc), a request for deviation must be issued to FICOSA.

This deviation must be addressed to the production plant, prior of sending material that does not comply with the approved parts conditions. The causes of the deviation should be clearly stated.

No material can be shipped prior to receiving written approval from FICOSA.

16. Debit Notes (Chargeback)

Suppliers are liable for all costs incurred by FICOSA, when they are proven to be responsible of the problem that originated the costs.

Listed are some examples of the origin of the costs:

- Production line stoppage
- Customer Charges
- Material sent back from the customer
- Travels of displacing personnel to the customer because of a claim
- Transportation costs of goods
- Retrofits of subassemblies or vehicles

The charge will be notified to the supplier via a charge notification (I-CP-XX/XX-05-A). Upon receipt the supplier has 24hrs to respond to the charge notification either agreeing or rejecting the charge. In the case that the claim is rejected clear evidence of non liability must be presented along with the rejection.

FICOSA must present to the supplier all of the supporting data for the chargeback costs.
17. Key Indicators

FICOSA regularly monitors the performance of its suppliers and evaluates them according to several criteria. The aim of this assessment is to confirm the performance of the suppliers versus the defined targets to determine potential support that the supplier can need from FICOSA and to track the improvement of its supplier panel.

17.1 During development phase

Initial Sample Quotation (IMI = “Indice de Muestras Iniciales”). During the delivery of the HS3 (2nd Off Tool Parts) & HS4 (Parts for validation) there are 3 parameters that will be considered to calculate the metrics.

- “N” This is the number of times the validation parts have to be presented before being validated as ok
- “T” Time difference (in days) between planned date of validation parts and real date
- “Q” Validation parts score. This is based on several items, dimensional, appearance, assembly results, as well as packaging and PPAP information.

Each one of these parameters has a value that depends on their level of performance, with this values the following formula is used to calculate the final value of the metric.

\[ IMI = (Q \times 0.8 + T \times 0.2) \times N \]

An IMI value is given for each component being developed. The average score of all of the submissions is used to calculate the final score of the metric for a supplier.

Grade A supplier if IMI > 80
Grade B supplier if 80 > IMI > 60
Grade C supplier if 60 > IMI

17.2 During serial production

Supplier Performance Index (SPI). During serial production, the quality of the components is evaluated. The parameters that are used for evaluation are:

- “ppms” Number of defective parts divided by the total of parts delivered
- “OEM QCR” Number of complaints at FICOSAs customer due to suppliers responsibility
- “Customer QCR” Number of complaints at FICOSA due to suppliers responsibility
- “Repetitive QCR” Complaints that are recurrent
- “8D Nok” 8D reports not answered, or not answered on time
- “Cost” Percentage of chargeback related to sales turnover

Each one of these parameters has a weight on the total calculation of the index. With these values the SPI is calculated.

The evaluation will provide a final score for the metric of a supplier

Supplier A : SPI3 months > 80%
Supplier B : 60% < SPI3 months < 80%
Supplier C : SPI3 months < 60%
Suppliers that are rated “C” in the 3-month accumulated score, are deemed on business hold and cannot be awarded new projects.

18. **Supplier Audits**

A properly functioning quality management system in all areas of the organization is a basic for achieving quality targets. To fulfill with all of the requirements, the supplier must audit its quality management system at regular intervals (at least once per year).

The supplier will allow FICOSA and when necessary its customers, to audit systems, processes and products at previously and appointed times. The supplier will offer support during those audits and provide access to the information necessary to evaluate the quality and performance of the quality system in place.

The Audit questionnaire can be FICOSA’s or a customer specific format.

The main reasons to conduct an audit to a supplier are as follows:

- Cooperation with a new supplier
- Follow up on an incident
- Eliminate or minimize fluctuations on the quality of the products
- Evaluate modifications to the process that can impact the product
- Identify weak points and develop a supplier
- Fulfill customer specific requirements

In the event that FICOSA identifies suppliers that are either jeopardizing the quality of the products delivered to their customers, or a supplier that is in need of development, a task team will be established to intervene in the supplier’s facility.

The type of development can be in any of the following areas:

- Problem resolution tools
- Logistic problems
- Process control (start up approval, control of production, etc)
- Sub supplier handling
- Technical punctual support

An initial assessment of the situation will be performed using a Process Audit, were with the results an action plan will be agreed and carried out until the objectives that were set are achieved.

19. **Fix or Leave Process**

A Fix or Leave process is defined as the last step to take with a supplier. Prior to this intervention, normal process audits, face to face meetings, coaching, etc, should have been tried to solve the problematic situation with the supplier.

Once a supplier enters a Fix or Leave process, FICOSA will clearly explain the objective, process and timing that will be followed during this process. The Supplier has to commit to follow this process or will be placed on a phase out status.