
# *Oiles America*
# *Supplier Quality Assurance Manual*

Revision History

| Rev # | Date | Revision | Submitted By: | Reviewed By: | Approved By: |
|---|---|---|---|---|---|
| 0 | 8/10/2012 | Original | J. Gribbins | T.Wright/K.Holsenbach/H.T.Viet | H. Tran Viet |
| 1 | 3/27/2018 | All TS references to IATF; 9.2 updated requirements; MSDS to SDS; 14.6 added predictive maintenance; 16 now covers OEM assets; 26.1 scorecards have additional metrics; 26.4 Quality System Assessment added; 27 suppliers acknowledgement added. | D. Simmons | J.Gribbins/J.Mills | R. Hastings |
| **2** | 10/8/2019 | **(6) Supplier Selection Approval**<br>Note: Suppliers prior to 9/6/2018 does not have to go through the New Supplier Approval process form # PURFM-27<br>~~and sent an "Approval of Supplier" certificate that is valid for three years.~~<br>**(9) Production Part Approval Process**<br>All suppliers are required to submit Level III PPAP documentation and a sample which is agreed upon by the Supplier Quality Engineer<br>Oiles America requires that selected parts supplied shall be annually PPAP re-validated. The selection could be based on volume, quality, and/or delivery<br>**(22) On-Time Delivery**<br>unless it has been approved by Purchasing.<br>(**26) Supplier Performance and Development**<br>If assessments are requested and have not been submitted by the supplier at the appropriate time, there will be a mandatory onsite assessment conducted by an Oiles America representative. | B. Randolph | Courtney Carmichael | R. Hastings |

## Table of Contents

## 1. Purpose

The purpose of the Oiles America Supplier Quality Assurance Manual is to define the process for ensuring materials entering our manufacturing systems are capable of satisfying the needs of our internal processes, and meeting customer requirements relative to fit, form, function, cost, and continual improvement. It is our desire to encourage and develop a partnership atmosphere that ensures a strong Customer-Supplier relationship with an emphasis on producing quality parts, on time, at competitive prices, with an unending drive for continuous improvement. Implementation of the processes outlined in this manual will not only reduce the risk of supply chain disruptions, but also enhance our competitive industry position and ensure our continued success in the marketplace.

## 2. Scope

The requirements of this manual apply to all suppliers of finished goods, production materials (raw or components), as well as outside processes where applicable. This manual does not replace or modify in any way the requirements contained in IATF 16949, ISO 9001 or any AIAG manual.

## 3. Responsibility

It is the responsibility of the supplier to review, understand, and satisfy the requirements of this manual and any other applicable requirements as part of the acceptance of purchase orders from Oiles America. The supplier will ensure they have reviewed the most recent manual per the revision listed on the Purchase Order. The supplier should obtain any referenced documents to ensure full compliance with all applicable requirements. Oiles America will maintain and document changes in the general quality requirements included in this manual.

## 4. Quality System Registration

Oiles America management fully supports the activities of quality assurance and views the supplier development process as a vital link in our ongoing continual improvement efforts. The supplier shall establish, document, implement, and maintain a quality management system and continually improve its effectiveness in accordance to IATF 16949 (ISO9001 as a minimum based on component/material type with written pre-approval from Oiles America). All Suppliers are required to be 3rd party registered to the current edition of IATF 16949 (ISO 9001 as a minimum), with the ability to demonstrate compliance to IATF 16949 (refer to ISO 9001, IATF 16949 current revisions available through AIAG). All suppliers must meet these Quality System Requirements, including any applicable OEM/customer-specific requirements and all requirements specified on the Purchase Order.

If at any time a supplier loses its third-party certification, they are to notify Oiles America within five (5) business days. A supplier may obtain exemption from the requirement if they are a customer mandated, or otherwise, customer approved supplier.

Suppliers are expected to adhere to the following IATF 16949 Reference Manuals:

1. Quality System Requirements IATF 16949 (ISO9001 as a minimum)
2. Advanced Product Quality Planning and Control Plan (APQP)
3. Production Part Approval Process (PPAP)
4. Measurement System Analysis (MSA)
5. Failure Mode and Effects Analysis (FMEA)
6. Statistical Process Control (SPC)
7. CQI-Special Process Assessments as applicable (e.g. CQI-11, Plating)

**5. Communication**

Effective communication is critical to the success of both Oiles America and their suppliers. Each supplier is expected to communicate electronically by means of email, internet, telephone, fax, etc. Each supplier shall respond to Oiles America inquiries in a timely manner (within 24 hrs) to ensure any issues related to part quality, delivery, production demand, etc., are addressed timely and efficiently. Supplier shall notify Oiles America immediately if they receive a major nonconformance in a IATF 16949, or ISO 9001 audit, or any status change relative to the requirements set forth by IATF 16949 or ISO 9001. Supplier shall notify Oiles America of any event within the organization that may affect part quality, delivery, or the financial viability of the supplier.

**6. Supplier Selection & Approval**

Note: Suppliers prior to 9/6/2018 does not have to go through the New Supplier Approval process form # PURFM-27. Oiles America uses a cross functional process to select and approve suppliers. During the process, Oiles America looks for suppliers that show strong quality processes, are financially viable, provide exceptional customer service, and are cost competitive.

During the selection process, Oiles America may require the following:

1. Evidence of third party certification to IATF 16949, or (ISO9001 as a minimum)
2. Evidence of certification to CQI-9 or CQI-11, as required.
3. Evidence of financial viability through credit check
4. Signed Mutual Confidentiality Agreement and Purchase Order Terms and Agreements.
5. Request for Quote
6. Supplier Self/On-Site Quality Assessment
7. NAFTA documentation as required.
8. MSDS/IMDS documentation as required.

9. Other documentation as deemed necessary.

Upon approval, suppliers will be added to the Oiles America “Approved Supplier List”

*6.1 Purchase Order (PO)*

Product specific requirements may also be communicated on POs. Each PO should be followed by an acknowledgement from the supplier confirming each part number, the price agreed, quantity and delivery date. Acceptance of the PO is an acceptance of the Standard Terms and Conditions of the PO and the requirements within this manual.

*6.2 Purchase Order Terms and Agreements*

Upon accepting an Oiles America Purchase Order, the Supplier is responsible for compliance to all requirements within that Purchase Order. All documents, drawings and specifications, regardless of origin, are applicable to the Supplier when specified in the Purchase Order and are required to be used at all levels of the supply chain.

*6.3 Mutual Confidentiality Agreement*

All projects issued by Oiles America are confidential. It is the responsibility of the supplier to implement and maintain systems that ensure the confidentiality, protection and security of each project. The supplier shall communicate this requirement to their employees and sub-contractors.

*6.4 Request for Quote (RFQ)*

Prior to award of business, the supplier must complete the Oiles America RFQ.

RFQ’s will typically contain all necessary documents for full quotation, including:

- Engineering drawings
- Technical specifications
- PPAP submission requirements
- Physical samples (when available)

If for any reason the information in the RFQ is unclear, the supplier will contact Oiles America Purchasing for clarification.

## 7. Sub-Contractor Management

Supplier may not engage any subcontractor without the prior written authorization of Oiles America. It is the responsibility of the supplier to manage the quality of all sub-contractor operations. All requirements described in this manual are also to be applied to sub-contractors. All documents, registers, and audit reports for sub-suppliers must be kept available and submitted for Oiles America's evaluation when required.

## 8. Advanced Product Quality Planning (APQP)

Oiles America requires all suppliers utilize the APQP process outlined in the AIAG Advanced Product Quality Planning manual to ensure products meet specifications and requirements.

## 9. Production Part Approval Process (PPAP)

Oiles America requires all Suppliers to conform to the general requirements listed in the AIAG PPAP manual. All suppliers are required to submit Level III PPAP documentation and a sample which is agreed upon by the Supplier Quality Engineer. Requests to receive Level III PPAP submissions from lower tier sub-suppliers may also be required. If rejected, the supplier shall take the necessary actions to correct the nonconformance and reissue the PPAP. Any delays created by the rejection of the PPAP shall be the responsibility of the supplier. The supplier is responsible to communicate with Oiles America on a regular basis during the PPAP process and notify Oiles America immediately of any issues that may delay PPAP submission. Oiles America encourages and participates in design review and launch follow-up meetings to ensure supplier understanding of requirements.

Suppliers are expected to submit completed PPAPs to the appropriate Oiles America Supplier Quality Engineer or designate before the agreed-upon date. All submitted parts for PPAP should be clearly identified and marked per respective PPAP documentation.

Oiles America will review the submission and give one of three statuses:

1. Full approval- indicates the part or material meets all specifications and requirements. The supplier is authorized to ship product.
2. Interim approval- permits shipment of parts for production requirements on a limited time or piece quantity basis. The supplier must submit, at the time of PPAP, an action plan to address the issues preventing the PPAP from obtaining full approval.
3. Reject- Submission does not meet the specifications and/or requirements. Oiles America will state the reason(s) the submission was rejected on the PPAP warrant and return the warrant to supplier. PPAP must be re-submitted and receive "Full" or "Interim" approval before shipping parts to Oiles America.

If the need arises to correct any dimensional, test and/or material discrepancies, an action plan must be created and submitted to Oiles America prior to PPAP. Upon compliance with all specifications, the Supplier shall enter the required information on the warrant. A separate Part Submission Warrant is used for each assigned part number. The Part Submission Warrant is signed by the Plant Quality Manager or designated authority to certify that all measurements and test results conform to Oiles America requirements.

Where applicable, all PPAP documents must be no more than one year old at the time of initial PSW.

All PPAP documentation must be forwarded to the Oiles America Supplier Quality Engineer or designate for review and approval. An Oiles America approval signature is required on the PSW to authorize the supplier to ship material.

*9.1 PPAP Re-submissions*

Process or product changes will require a resubmission for approval. Process or product changes are defined as changes in the process or product that could affect its capability to meet design requirements or the durability and reliability of the product, including:

1. Use of material other than what was used in the previously approved PPAP.
2. Production from new or modified tooling, dies, molds, etc.
3. Production following any refurbishment/rebuild of an existing tool, die, mold, etc.
4. Production from machinery or tooling transferred to or from another facility.
5. Change of a sub-supplier.
6. Product produced after tooling has been inactive greater than one year.

*9.2 PPAP Annual Re-Validations*

Oiles America requires that selected parts supplied shall be annually PPAP re-validated. The selection could be based on volume, quality, and/or delivery. The supplier must submit all required documentations which shall include, but is not limited to;

1. (3) Three pieces per die/cavity full dimensional layout or as specified by the Oiles America Supplier Quality Engineer or designate.
2. Ballooned current revision drawing.
3. Material certification.
4. (125) One hundred and twenty-five-piece capability data on critical/special characteristics or as specified by the Oiles America Supplier Quality Engineer or designate.
5. Functional Testing Results as applicable

*9.3 Design Record*

The Supplier shall have the current revision design record as specified on the Purchase Order.

*9.4 Process Flow Diagram*

The Supplier shall develop and maintain a process flow diagram representing the complete flow of part from raw material to shipment of finished parts, per AIAG PPAP manual.

*9.5 Failure Mode and Effects Analysis (FMEA)*

Suppliers with product design responsibility shall develop a Design FMEA in accordance with Oiles America requirements. A single Design FMEA may be applied to a family of similar parts.

All suppliers are expected to develop a Process FMEA. Oiles America expects suppliers to view the PFMEA as a living tool. Regular reviews and updates will ensure the PFMEA reflects the latest AIAG revision level as well as the latest relevant actions documented in the PFMEA

*9.6 Measurement Systems Analysis (MSA)*

The supplier must purchase and/or develop gauges and standards for measurement and verification of parts to specification, with variable gages and measurements as the preferred method.

The Supplier shall perform MSA studies for all new or modified gages, measurement, and test equipment per the AIAG MSA Manual.

Oiles America may request the Supplier participate in correlation studies to compare Supplier measurement results against results obtained by Oiles America gauging methods.

*9.7 Control Plan*

The Supplier shall have a documented Control Plan that defines all methods used for process monitoring and control of special product/process characteristics, and is reflective of the current FMEA. A single control plan may apply to a group or family of products that are produced by the same process.

Oiles America requires suppliers to utilize the latest version of the AIAG APQP manual for development of the Pre-Launch and Production Control Plans as applicable.

Suppliers are required to provide the various levels of Control Plans based on the stage in the program build process. Control Plans are subject to review and approval by Oiles America.

*9.7.1 Pre-Launch Control Plan*

The pre-launch phase of the product quality planning period is to effectively assess the process design and development for meeting all the customer requirements for fit, form, function, appearance, and durability. The focus will be on the entire process stream, with an increased level of inspection and performance testing (including data analysis) put in place to verify the effectiveness of the process to produce zero defects. The control items to be managed and reported through the launch containment process need to be agreed upon with the Oiles America Supplier Quality Engineer.

The pre-launch control plan remains in place until launch containment has verified effectiveness of the production control system. The duration of this control plan will be determined based on the capability of the supplier to achieve the expected quality requirements for the product being supplied. Release from the pre-launch control plan can only be authorized by the Oiles America Supplier Quality Engineer or designate.

*9.7.2 Production Control Plan*

The production control plan is an extension of the pre-launch control plan incorporating lessons learned from the launch. It defines the inspection and testing systems required to meet Oiles America requirements for production.

*9.8 Process Capability*

A Cpk of 1.33 or greater is required for the process to be considered acceptable. When a process is found to be unstable, out of control, or having an unacceptable Cpk, the supplier must have a written procedure in place to identify actions needed to correct and improve the process. A minimum of containment action, assignable cause, interim controls, and corrective action are required.

*9.9 Certification and Test Results*

The Supplier shall provide evidence that the following verifications have been completed, and all test results indicate compliance with specifications and requirements (see AIAG PPAP Manual for applicable forms and instructions):

1. Dimensional Results – Record of dimensional results for any relevant manufacturing process.

2. Material and Performance Test Results –For any parts/materials with specific performance requirements (e.g. chemical, physical, metallurgical and functional)
3. Qualified Laboratory Documentation – documentation showing qualifications of laboratory used per requirements and the standard(s) qualified to.
4. Sample Product - actual samples required per the Oiles America PO.
5. Master Sample – Supplier to retain a master sample and provide to Oiles America upon request.
6. Checking Aids – Submit checking aids as required per the Oiles America PO.
7. Records of Compliance - copies of records showing compliance to all applicable specification and requirements.

*9.10 Part Submission Warrant (PSW)*
Upon successful completion of all PPAP requirements, the Supplier will complete the Part Submission Warrant (PSW).

*9.11 SDS / IMDS / NAFTA*

Suppliers are required to furnish SDS (Safety Data Sheets), IMDS (International Material Data System), NAFTA (North American Free Trade Agreement), and other documentation where applicable.

**10. Traceability**

The supplier must employ a system capable of tracking lots, batches, part numbers, and manufacture dates throughout the entire manufacturing process. Product should be identified completely at all times to ensure accurate traceability at any point in the process. Traceability records must be maintained and be readily available for review by Oiles America.

**11. Change Management**

Oiles America provides a Supplier Change Management Form, which must be used for all Supplier Change Requests or Deviation Requests. Form must be completely filled out and forwarded to the Oiles America Supplier Quality Engineer or designate. Supplier may be required to submit a PPAP for the change depending on the type of change requested.

It is Oiles America's policy to reject material that does not meet requirements of the drawings and/or specifications. In the event a deviation is required, supplier must document on the Supplier Change Management Form. Oiles America will review the deviation and determine affect to form, fit, function, and durability. The request must be made and approved prior to the shipment of discrepant material. All deviated product must be clearly identified. If the deviation is not approved, the supplier may not release product.

The Supplier Change Management Form will also be used for communication of Oiles America mandated changes to the supplier.

## 12. Boundary Samples

When cosmetic issues arise that cannot be addressed by use of the "master samples," the supplier is responsible for establishing boundary samples (approved by Oiles America) prior to shipping questionable product. PPAP samples shall serve as the “master” for comparison purposes. All “max pass” boundary samples require Oiles America Supplier Quality Engineer approval prior to implementation.

## 13. Contingency planning

Suppliers are required to have contingency plans in place to ensure minimal disruption to critical processes, machinery, and the business as a whole. Risk management is a forward-thinking activity that is necessary to prevent excessive costs in maintaining flow of quality parts throughout the supply chain. Each element of the critical path must have a contingency plan documented and in place, so that known and proven options are available for maintaining production.

## 14. Process Control

### *14.1 Special Characteristics*

The Supplier shall demonstrate conformity to special characteristics designated by Oiles America through means of documentation and appropriate process control methods. In addition to any special characteristics identified by Oiles America, the Supplier shall also identify, document, and control other product and process characteristics that are key to meeting final part specifications.

### *14.2 Error Proofing*

The Supplier should implement error proofing devices throughout the process as appropriate for controlling critical characteristics and/or protecting downstream processes.

All products and processes will be reviewed with Oiles America for the use of Error Proofing / Poka-Yoke devices. All attributes should be studied for implementation of Poka-yoke processes. Key attributes should be reviewed to determine whether poka-yoke is mandatory based on the detection and severity of the failure mode.

*14.3 Work Instructions*

The Supplier shall prepare documented work instructions, as necessary, for all employees responsible for the operation of processes that impact product quality. These instructions shall be maintained, current, and accessible for use on the shop floor.

*14.4 Control of Measuring Devices*

The Supplier shall determine the monitoring and measurement devices required to provide evidence of conformance to specifications. Measurement equipment shall be calibrated or verified at specified intervals and prior to use, against standards traceable to international or national measurement standards. Where no such standards exist, the basis used for calibration or verification shall be documented; for determining status of equipment/devices.

*14.5 Statistical Process Control (SPC)*

Statistical process control must be an integral part of the supplier's manufacturing process in order to improve and maintain quality performance. The purpose of SPC is to identify areas of variation so that actions can be implemented to improve the process. Statistical process control is mandatory for all process parameters and characteristics that are deemed significant. In addition, it is the supplier's responsibility, based on their expertise and process knowledge, to determine additional characteristics requiring long-term and short-term statistical process control.

SPC information and certification will be provided to Oiles America upon request or when specified on the relevant purchase order.

*14.6 Preventive & Predictive Maintenance*

The Supplier should identify key process equipment and provide resources for machine/equipment maintenance; and development of an effective preventive and predictive maintenance system, based on historical data.

*14.7 Qualification of Associates*

The supplier's quality management system shall provide for the qualification and certification of personnel performing inspection and production operations. Operator training records are to be made available upon request by Oiles America.

## 15. Material Compliance

Oiles America requires suppliers to understand and verify the composition of their raw materials. If supplier does not have ability to test materials in-house, an accredited external third-party source with capability of material compliance analysis for each specific raw material must be used. All suppliers must have the ability to provide evidence of material compliance, and when external testing is performed, third party accreditation. At any time Oiles America reserves the right to request raw material confirmation on any supplied product. The supplier should be able to provide a Certificate of Acceptance (COA) report for verification that raw materials meet specifications.

## 16. Oiles America or OEM Owned Assets

1. The Supplier shall have a system to track and identify all tools, gauges and equipment (e.g. dunnage), owned and supplied by Oiles America or OEM.
2. All Oiles America or OEM owned assets shall be permanently marked so that the ownership of each item is visually apparent.
3. Oiles America or OEM owned tooling is to be used solely for the production of Oiles America parts.
4. Supplier must obtain written approval from Oiles America prior to making modifications or changes to gages, test equipment or tooling.
5. Supplier must maintain, protect and preserve tooling, test equipment, and gages.
6. Tooling and gauging shall be maintained for a minimum of three years after the Oiles America purchase order is complete, unless directed otherwise
7. Oiles America must be notified prior to any transfer of tooling, gauges, or testing equipment to another supplier facility.
8. Supplied gages, test equipment or tooling that become excessive to the purchase order requirements shall be brought to the attention of Oiles America.
9. Supplier must obtain written approval from Oiles America before the disposal or destruction of supplied gages, test equipment or tooling.
10. Supplier must report any case of lost or damaged assets to Oiles America within 72 hours.

## 17. Non-Conforming Material

The supplier must have a system implemented to ensure nonconforming parts are identified and quarantined to prevent shipment to Oiles America.

Upon any occurrence of nonconforming material received at Oiles America, the supplier shall respond within 24 hours with a containment plan. Upon notification and receiving a Supplier Corrective Action Request (SCAR) from Oiles America, Suppliers are required to immediately 100% certify all suspect product, including parts at the supplier location, in warehouses, in

transit, and at Oiles America. All certified product must be labeled as certified for the specific defect or defects until corrective actions have been verified as effective.

The 8d process shall begin immediately at the supplier location and documented in the Oiles America “Supplier Corrective Action Report” Form. Root Cause and Corrective Action must be identified with implementation dates within 15 days. Any deviation from this requirement must be agreed to by the Oiles America Supplier Quality Engineer or designate.

Verification of corrective actions must be submitted to Oiles America 30 days after completion of corrective action(s). Supplier will remain in containment until verification of corrective actions is complete. In the event corrective actions are not verified as effective, the supplier will notify the Oiles America Supplier Quality Engineer, then continue corrective action process and containment until corrective actions have been verified as effective.

Depending on the Oiles America inventory and production demand situation (to be determined by Oiles America), the following may occur:

1. High inventory- Supplier may choose to have product returned, or Supplier may sort at Oiles America.
2. Normal inventory- Supplier may come on site to sort or arrange for certified 3rd party sort company for sorting.
3. Low inventory- Oiles America will sort parts as required to ensure production requirements are met, then debit supplier’s account through “chargeback”

When parts are contained at Oiles America, one of the following standard dispositions will be made;

1. Sort /Rework: Supplier will be charged a standard sort fee with total sort hours being “charged back” to supplier; defective pieces found will be counted against PPM total.
2. Scrap: Removal of non-conforming material will be the responsibility of the supplier. Any related shipping costs for return will be charged to supplier. Non-conforming material remaining at Oiles America over 48 hours will be scrapped, and any related scrap costs will be “charged back” to the supplier.

When suspect or scrap material is to be returned to supplier, Oiles America will contact the supplier for authorization to return the material at supplier's expense (e.g. RGA). Defective parts returned to supplier cannot be reworked unless prior written consent is given by Oiles America Supplier Quality Engineer or designate. When possible, a digital photo of the defect and lot traceability information will be attached to the “Supplier Corrective Action Report” prior to sending to the supplier. A sample of the defect will be sent to the Supplier upon request.

In any case where a Supplier has failed to deliver product in accordance with the specifications and terms of the Oiles America Purchase Order, design drawing, and/or required specifications, all cost that are incurred by Oiles America and/or its Customers will be the sole responsibility of the Supplier.

**18. Corrective Action**

Oiles America prescribes to the standard 8d methodology of problem solving. Suppliers must maintain and apply an effective closed loop corrective and preventative action system when process or product non-conformances have occurred or have the potential to occur. Suppliers are required to follow methodology and thought process when solving problems to ensure effective resolution of issues, preventing reoccurrence. All supplier 8d's are to be documented on the Oiles America "Supplier Corrective Action Report". If SCAR is a repeat occurrence, Oiles America will issue the Oiles America "Supplier Corrective Action Report" booklet with further requirements.

**19. Supplier Chargeback**

Nonconforming product supplied to Oiles America can have a significant impact on customer on-time delivery and product performance. In the case of a nonconformance, it is the responsibility of the supplier to ensure adequate conforming parts or material are delivered to Oiles America in sufficient time to prevent any line stoppage situations. This will be accomplished by one of the following:

1. Expedite shipping of conforming/certified parts so they arrive before line stoppages occur
2. Provide sorting, repair, or rework resources at Oiles America in a timely fashion to prevent line stoppage.
3. If 1 and/or 2 cannot be accomplished in a timely manner to prevent line stoppage, Oiles America reserves the right to sort and/or rework the non-conforming material at Supplier's expense in order to assure acceptable parts are utilized and production requirements are met.

In the event that non-conforming parts or material results in costs to Oiles America (e.g. charges related to sort, rework, repair, scrap, production downtime, overtime, customer-imposed charges, warranty or recall costs, shipping, administrative support, etc.), Oiles America reserves the right to charge (debit account) the supplier for all reasonable associated costs. Oiles America will notify the supplier at its earliest convenience when such conditions arise.

**20. Quality Records**

The Supplier shall establish a system to maintain and store quality records in an environment that prevents damage, deterioration or loss. The associated procedure(s) shall address an effective retrieval and disposal process for all types of media including hard copy and electronic. Records must be clearly identified and made readily available to Oiles America upon request.

**21. Record Retention**

Production part approvals, tooling records, purchase orders and amendments shall be maintained for the length of time the part, or family of parts are active for production and service

requirements plus one calendar year, or per ISO9001/IATF 16949 requirement, which ever greater.

Quality performance records (e.g. control charts, inspection and test results) shall be retained for at least one calendar year after the year in which they were created, or per ISO9001/IATF 16949, which ever greater.

## 22. On Time Delivery

Oiles America promotes all suppliers to provide 100% on time delivery performance with the exact product and/or services promised and correct quantity and pricing agreed upon. Oiles America considers unauthorized early or late deliveries and partial or over shipments to be unacceptable unless it has been approved by Purchasing. The quantity shipped per order or release cannot vary from specified quantity without the prior written consent of Oiles America.

## 23. Packaging

In-process and finished products shall be appropriately packaged to protect from damage. Packaging shall meet all applicable shipping laws, codes, regulations, and Oiles America specifications and requirements. The supplier shall ensure all packaging is clean and free from dirt, debris, foreign materials, and damage. All returnable packaging and dunnage not clean and free from dirt, debris, foreign material and damage may be subject to rejection and subsequent SCAR.

## 24. Labeling

All material shipped by the Supplier shall be identified with a label that will ensure product identification and traceability throughout all stages of production. Each shipment shall be marked with the Oiles America part number, quantity, lot number, Oiles America site name, address, and any other specified requirements as applicable. Supplier shall identify items(s), and/or package(s) container(s) of shelf-life material with the manufacture date or the expiration date along with any special storage and handling conditions, in addition to the normal identification requirements. All cartons/ containers/ racks shall be identified. A Master Label is required for multiple containers of the same part number on a single pallet. The supplier will ship one part number per skid unless approved otherwise by Oiles America. Defects in labeling will be treated the same as defective product, and result in a SCAR to the supplier.

## 25. Hazardous Materials

If any hazards apply to the supplied product, the supplier shall submit a Safety Data Sheet with each shipment and label the product containers accordingly. SDS documents for hazardous material supplied to Oiles America shall also be maintained at supplier site.

## 26. Supplier Performance and Development

*26.1 Performance Scorecard*

Performance will be monitored on a pre-determined frequency and feedback provided to supplier as required per Oiles America Quality Assurance. Supplier performance reporting and feedback will be dependent upon;

1. Part type
2. Part criticality to process / end product,
3. Supplier's historical quality metrics
4. Recent negative trends in quality metrics

Key quality metrics for which select suppliers will be measured are:

1. Defective Parts Per Million (PPM)
2. On Time Delivery (OTD)
3. Expedite freight occurrences
4. Supplier Corrective Action Request (SCAR) responsiveness
5. Quantity of SCARs (disruptions)
6. Effectiveness of Containment and corrective action taken (e.g. Repeat SCAR's)

See the Supplier Scorecard for the performance risk criteria.

In the event supplier performance decreases and risk to quality, delivery, and/or customer satisfaction increase, an escalation process will be utilized. This process will be used, but not limited to, increasing risks identified through the following indicators of quality performance:

- Supplier Scorecard
- Quality spills (e.g. line stoppages, nonconforming parts/services, warranty, etc.)
- Supplier Assessment score

Risk is assessed in three levels:

- High (red)
- Medium (yellow)
- Low (green)

The escalation process will be adapted to each specific issue in order to stabilize the supplier's quality performance. The supplier will no longer be in a state of escalation once indicators present a low risk level.

Escalation Process (appropriate actions to be determined for each specific issue):

1. Low (green): monitor under normal processes, e.g. scorecards
2. Medium (yellow): Self-assessment, SCAR, monthly review of specific issues
3. High (red): Systemic Quality Improvement Plan (QIP), weekly QIP updates, On-site assessment

*26.2 Requests for Scorecard Correction*

Suppliers are eligible to appeal the scorecard rating if the rating is disputed by contacting the Oiles America Supplier Quality Engineer or designate. Only appeals that contain quantifiable and verifiable data regarding supplier performance for key metrics will be considered. If a supplier is able to satisfactorily provide required supporting information, the supplier scorecard rating will be modified accordingly.

During the Sourcing and Quoting process for further potential business, Supplier Performance Ratings will be considered as part of the review.

*26.3 Parts per Million (PPM) Rating*

One of the measurements of Quality Performance of suppliers is defective parts per million (PPM). The expectation for supplier performance is 0 PPM (zero defects). Product received into Oiles America facilities that does not conform to the drawing, specifications and/or agreed upon standards will be counted against a supplier's PPM record. Quantities will be reported in the units of measure in which they are purchased. This applies to production parts and materials.

Occasions that would impact PPM;

1. Production Parts which do not meet drawing specifications, dimensional, functional, or appearance standards as called out in the specifications or from an agreed-upon boundary sample.
2. Out-of-spec parts that require rework/repair in order to be used.
3. Production Parts damaged from inadequate packaging or transportation for which the supplier is responsible.
4. In cases where the supplier may be shipping prior to PPAP with an approved customer deviation, any defects outside the boundaries defined by the deviation.
5. Out-of-spec parts shipped prior to PPAP approval without an approved deviation.
6. Shipments that are received with mixed parts or parts that are the wrong revision level (PPM assigned for the quantity of incorrect parts only).

7. Shipments that are received with mislabeled containers are considered PPM assignable. The reject quantity shall reflect the total number of containers with incorrect labels. In cases where each individual part requires identification, the total number of incorrectly labeled parts will be counted toward PPM. If mislabeled products are used incorrectly in production operations, the total number of incorrect assemblies will be counted against the supplier's reject quantity.

*26.4 Quality System Assessment*

All approved suppliers shall be subject to Quality System Assessments by an Oiles America representative every 3 years unless poor performance warrants more frequent audits. If assessments are requested and have not been submitted by the supplier at the appropriate time, there will be a mandatory onsite assessment conducted by an Oiles America representative.
Unfavorable trends in supplier performance ratings/high risk over 2 calendar quarters shall be caused to re-evaluate the supplier by performing a Quality System Assessment. If a low risk level, greater than 90 percent, for the Quality System Assessment cannot be achieved, then the frequency of the Quality System Assessment must be increased to insure stability of the Quality Management System. This may be through self or on-sight assessments. The Supplier will be notified by the Oiles America Supplier Quality Engineer or designate of the Quality System Audit date. If the Supplier Scorecard indicates a high-risk level based on a specific issue addressed with a SCAR, and the risk level decreases over the following months, de-escalation can be considered and a QIP, or other actions, may not be required.

*26.5 Continuous Improvement*

Suppliers are expected to demonstrate a commitment to continuous improvement in products and processes provided to Oiles America. Objective evidence of "self-development" may be requested such as CI project presentations, copies of revised procedures, updated training records, audit results, and statistical data, as applicable. Quality system emphasis is placed on preventing nonconformity rather than detecting nonconformity.

Oiles America encourages suppliers to implement business systems focused on mistake-proofing, cost reduction/avoidance, and elimination of non-value-added activity. Cost reduction must be an integral part of the long-term success of Oiles America and its suppliers in order to remain competitive in the marketplace. Suppliers are encouraged to develop and maintain the ability to offer cost reductions through effective implementation of internal quality improvement programs.

In regard to supplier development, Oiles America takes a proactive approach to encourage and/or assist suppliers in successful deployment of continuous improvement efforts ranging from providing feedback on supplier scorecards to providing technical problem-solving assistance on high level continuous improvement projects.

**27. Supplier Acknowledgement**

Oiles America has developed this Supplier Quality Assurance Manual to communicate documented requirements for all current and future suppliers.

Please review and distribute copies as appropriate throughout your organization as necessary.

It is required that the Quality Manager and Plant Manager sign and date this acknowledgment and send a copy to Oiles America Supplier Quality Engineer or designate.

We have received the Oiles America Supplier Quality Assurance Manual revision 2 and understand and agree to the contents and conditions specified therein.

Supplier Name:_____ Location: _____

Quality Manager:_____ Date: _____

Print Name: _____

Plant Manager:_____ Date: _____

Print Name: _____