SAF-HOLLAND, Inc.

SUPPLIER QUALITY REQUIREMENTS

HSQR-01

Rev M
08/2023

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STATEMENT OF COMMITMENT

SAF-HOLLAND, Inc. has embarked on a partnering relationship with our suppliers. This relationship recognizes the importance of our suppliers in assisting to meet our goals and objectives and to maximize our customer satisfaction as a World Class Supplier. This manual defines requirements for SAF-HOLLAND suppliers but does not supersede requirements that may be specified within our purchase orders, blueprints, or engineering specifications. We require our suppliers ISO 9001 or ISO/IATF 16949 quality standard certification. SAF-Holland requires suppliers of welded components to have the American Welding Society or ISO 9606-1 certifications for personnel producing such components. We also require the supplier to follow quality requirements set forth by American Welding standards or ISO 3834 for welded components. SAF-Holland strongly encourages our suppliers to consider implementation of an environmental management program such as ISO 14001; we are committed to being good corporate stewards of our environment and we appreciate suppliers who join us in that objective.

SUPPLIER CODE OF CONDUCT

In addition to this manual, suppliers shall also comply with the terms of the Buyer's Supplier Code of Conduct Policy. It is strongly encouraged that suppliers' and their designees review the code of conduct in its entirety via the SAF Holland supplier portal.

SUPPLIER QUALITY REQUIREMENTS MANUAL REVISIONS

SECTION	REV. DATE	REVISION
All	2/03	A - Initial release
All	10/04	B – Added Labeling information, Supplier Certification and Rating, clarified requirements for Corrective action, nonconforming material, material certifications, and administrative fees. Revised or new sections: 2.2, 2.3, 2.7, 2.10, 3.5.2, 3.6, 3.7, 3.8, 3.11 and 4.0. Section 3.7 Identification and Labeling Requirements completely revised and related Appendices added. Added a new Section 3.8 Product Packaging and Section 4.0 Supplier Performance.
Sections 2.1 2.7.1.2 3.5.2 3.6	10/05	C – Section 2.1, pg 5: "In addition, if the supplier has an in house laboratory…or ISO 17025." Section 2.7.1.2, pg 8: Material Test Results "We will only accept material certifications…or ISO 17025 certified labs." Section 3.5.2, pg 10: Modified to read "Suppliers must submit…prior to shipping the material." Section 3.6, pg 11: "Original material certifications…or ISO 17025 certified laboratories." Added paragraph to end of 3.6: "Suppliers designated as…the effect of this requirement."
Statement of Commitment Section 1.4	9/06	D – Added Environmental Management System implementation suggestion to Statement of Commitment. Added references to Canadian facilities and personnel, added contact info.
Cover page Statement of Commitment Section 2.1 Section 4.1	4/07	E – Revise cover to reflect new name and logo. Revise Statement of Commitment to reflect supplier requirement of certification to ISO 9001 or ISO/TS 16949. Also revise wording in section 2.1, remove reference to PMT. Revise Supplier Rating system in section 4.1. Insert new name throughout manual.
Section 4.1	6/07	F – Removed "and subjective elements". Changed "Suppliers will receive…" to "Suppliers can receive…" Added "facility PIC department..."
Section 1.4 Section 2.1 Section 4.1	11/08	G – Changed all instances of "Strategic sourcing/purchasing" to "Strategic sourcing/Supply chain"; updated **Section 1.4** with current contact information. Removed 2 paragraphs from **Section 2.1** "Present and potential suppliers to SAF-HOLLAND shall be able to demonstrate...direction of the applicable Strategic sourcing/Purchasing personnel. Additional on-site Quality System audits may be required …an evaluation conducted by SAF-HOLLAND representative(s). " Removed from **Section 4.1** – "The ratings shall …performance measures. Personnel in Quality… for their input. Suppliers … they service."
Section 1.0	10/09	H – Added NOTICE TO SUPPLIERS at the end of section 1.0 Introduction
Section 2.4, Section 2.7, Section 2.7.1.2, Section 3.2, Section 3.6, Section 3.11, Section 4.0	09/16	I – Added P.O Terms and Conditions reference Added note about Catalog/Industry Standard items. Revised Level 4 PPAP requirements to meet AIAG. Added Supplier Quality Engineer and some minor clarifications. Removed "Probationary" and "Approved" and replaced with "All" Referenced Supplier Recovery Process. Removed references to certified and probationary suppliers 4.2 and 4.3.
Statement of Commitment Section 3.2 Section 3.5.2	8/20	J –Revise Statement of Commitment to reflect supplier requirement of certification IATF 16949. Added requirements for Welding cert. Changed to 24 hour containment requirement. Admin Fee for cost recovery.

Section 3.2 Section 3.3.1 Section 3.3.2 Section 3.5.1 Section 3.6	2/22	K- Changed verbiage to Q-Note, corrective action form to 8D. Major update to timing expectations including clarification of response requirements. Inclusion of response action table example (ERA v ICA v PCA). Addition of Communications section for clarity of control number for concerns. Section created specific to sorting activities and clarification of responsibly. Clarification and timing to material disposition. Inclusion of controlled shipping for insufficient controls. Further clarification to COPQ.
Section 3.2 Section 2.7.1.2 Appendix B Appendix E Section 2.1 Section 2.3 Cover Page	10/22	L- Addition of section 3.2 for cleanliness requirements of products to receive coating. Changed default PPAP level from level 2 to level 3, Updated Table for alignment to AIAG PPAP Reqs, Appendix B Updated Supplier Request for Change Authorization form, Update appendix E to include measurement method, additional columns for all 6 Parts variable data. Included corporate quality. Requirement for ongoing Cpk analysis of significant characteristics, added characteristics matrix Also updated company logo on cover page.
Section 2.7 2.7.1.1 2.7.1.2 Appendix D 3.3 Statement of Commitment	9/23	M- Corrected remaining PPAP Lvl 2 to Lvl 3. Added clarification of PSW required for each shipping location Added " * " requirement to element 15 Level 4 Verbiage changed. Communication updated to included supplier form Add linkage to supplier code of conduct.

SUPPLIER REQUIREMENTS

1.0 Introduction

1.1 Scope

The details stipulated within this manual are intended as the minimum mandatory requirements for all suppliers of production material, tooling, and services to SAF-HOLLAND, Inc., its subsidiaries and affiliates, regardless of their global location.

1.2 Purpose

This manual was written to provide our valued suppliers an understanding of their responsibilities related to product quality and the assurance thereof. It defines minimum quality requirements for all suppliers of components and/or services to SAF-HOLLAND, Inc. and does not replace or alter any other terms or conditions covered by purchase order agreements, blueprints, or engineering specifications.

1.3 General

This document supersedes all previous Holland Hitch, Holland Binkley, Holland Neway International, Holland International, The Holland Group or Holland USA documentation on the subject of, or relating to, supplier quality.

1.4 Supporting Documents

Comments or questions regarding SAF-HOLLAND, Inc.'s Supplier Quality Requirements, HSQR-01 manual may be submitted via email:

Strategic Sourcing Dept., SAF-HOLLAND, Inc.
strategicsourcing@safholland.com

NOTICE TO SUPPLIERS: The Supplier is responsible for tool build to produce product(s) which meet current SAF-HOLLAND drawing specifications; Solid Models, when provided, are for convenience and expediency. All translated 3D models should be confirmed to current 2D drawings.

2.0 Supplier Approval and Manufacturing Planning

2.1 Supplier Approval

SAF-HOLLAND requires suppliers to be certified to ISO 9001 or ISO/TS 16949 quality standards. All new and current suppliers of product to SAF-HOLLAND may also be audited by SAF-HOLLAND representative(s); it will be up to Strategic Sourcing/Supply chain personnel, SAF-HOLLAND Engineering, and SAF-HOLLAND Quality Department to determine if an on-site audit is required. Future on site audits may be waived after the initial audit if the delivery and quality of the product manufactured at the supplier are of a high level of acceptance. The level of acceptance will be determined by the plant and corporate Quality Departments.

In addition, if the supplier has an in-house laboratory and wishes to submit their own material certifications for products instead of the original material certification as provided by the producer, the laboratory must be audited and approved by SAF-HOLLAND unless certified to A2LA or ISO 17025.

2.2 Supplier Planning for Product Quality

It is the expectation of SAF-HOLLAND that suppliers will evaluate drawings during the quotation phase of the life cycle. Any exceptions to the tolerances and characteristics on the drawings should be made at that time. Once quotation has been received without exception, the supplier will be expected to provide the product to the drawing as shown at the price quoted.

The Quality Planning process is directly intended to identify:

a) All of the potential and real risks that affect product integrity.

b) All opportunities to incorporate mistake proofing techniques in accordance with a Zero-Defect Policy.

Documentation providing evidence of process capability shall be made available to SAF-HOLLAND representatives upon request. This may be done using process FMEA and control plans.

2.3 Significant Characteristics

While all specifications on SAF-HOLLAND Design Center drawings are important, some are deemed to have additional significance and are identified on drawings.

All characteristics are expected to attain 100% conformance to drawing specifications. Significant characteristics (as specified on the drawings) must also demonstrate a process capability greater than 1.33 Cpk at PPAP and ongoing Cpk analysis as detailed in the matrix below. Any deviations to this requirement must be issued in writing from the SAF-HOLLAND VP HSEQ.

Supplier input in significant characteristic determination is encouraged.

Capability Requirements		
Special Char.	At PPAP	Continuing
CC1	1.67	1.67
CC2	1.33	1.33
SC	1.33	1.33
HIC or HC	1.33	1.33

***CC2, SC, HIC– if capability cannot be achieved, 100% functional gaging required with onsite review of controls. Gage R&R under 10% required for all gaging.**

2.4 Pre-Award Meeting

A Pre-Award Meeting with present and potential suppliers offering new products or services may be required prior to purchase order issuance. Technical, quality, manufacturing, engineering, purchasing, delivery, and business issues may be reviewed during this meeting to provide the supplier with a thorough understanding of SAF-HOLLAND's requirements. Purchase Order Terms and Conditions can be found under the Supplier Section of the SAF-HOLLAND Corporate website.

2.5 Engineering Prototype Sample Submission

Engineering prototype parts with documentation of specification conformance shall be submitted by the Supplier for engineering validation testing to the stipulated SAF-HOLLAND location as designated on the purchase order. Each sample or prototype lot, at a minimum, must be accompanied by a completed dimensional results report for at least one piece, with the additional pieces serialized and significant characteristics measured and recorded with the corresponding serial number. In addition, material test results reports and performance test results reports as described in the Production Part Approval Process (PPAP) manual are required. Specific instructions, in addition to these stated requirements, will be agreed upon and documented via purchase order.

2.6 Manufacturing Process Review

At the discretion of SAF-HOLLAND, Engineering, Quality or Strategic Sourcing/Supply chain personnel from SAF-HOLLAND may visit the Supplier (based upon risk assessment), and a systematic and sequential review of a Supplier's manufacturing process may be conducted at the Supplier's facility prior to PPAP submission. These reviews are typically known as Process Sign-Off's, Run at Rates, etc. The format to be used will be agreed upon with SAF-HOLLAND and the Supplier before the review. The review, if required, of the run at rate would be completed as part of the quality planning and manufacturing processes for new and/or significantly changed products. In some cases, the run-off may be performed after PPAP.

2.7 Production Part Approval Process (PPAP)

All production part sample submissions shall be in accordance with the requirements stipulated by the purchase order and Strategic Sourcing/Supply Chain personnel. In the absence of any specific instructions, the Supplier shall default to a Level 3 PPAP submission.

NOTE: Catalog or Industry Standard items that SAF-HOLLAND does not have design control over will default to a Level 1 PPAP, unless otherwise specified.

All suppliers shall submit a clean PPAP without any noted problems. Suppliers unable to meet Engineering requirements may request a deviation or a change in tolerance to the SAF-HOLLAND manufacturing facility prior to submission of the PPAP. Parts that are submitted to

SAF-HOLLAND as PPAP samples MUST meet all Engineering requirements unless the supplier has received a deviation prior to submission.

Any shipment of production product without first obtaining either a signed, approved PPAP part submission warrant (PSW) or an approved deviation may be classified as non-conforming product.

NOTE: In situations that involve product/components designated as safety/critical, no deviations/concessions shall be permitted on features that affect the functionality/reliability of the product without the appropriate validation and approval(s).

The PPAP samples are to be sent to the plant location **with clear identification of the material as PPAPs**. See Appendix C – suggested identification tag/label.

Unless waived by SAF-HOLLAND, product or process changes require the submission of a warrant document and supporting documentation (See Appendix B for a suggested form). Upon review of the documentation, samples may be requested.

Engineering changes initiated by SAF-HOLLAND require PPAP resubmission unless waived by SAF-HOLLAND.

2.7.1 PPAP Documents and submission requirements

2.7.1.1 The following documents and items must be completed by the supplier for PPAP. Direction on which of these items must be provided to SAF-HOLLAND is defined in the Retention/Submission Requirements Table.

1. Production Part Submission Warrant (Appendix D)

   1.5 When a supplier ships to more than one SAF Location: Supplier to submit PPAP Package to primary plant, package to include a PSW for **EACH** receiving plant with the customer location/division completed with the receiving plants address.

2. Appearance Approval Report (AAR) for parts with color, grain or surface requirements
3. Sample parts or as agreed to in the Control Plan
4. Any authorized engineering change documents not yet incorporated in the design record but incorporated in the part
5. Dimensional results referenced to the part drawing requirements or a checked print where the results are legibly written on a part drawing (including cross-sections, tracings, or sketches as applicable)
6. Checking aids (fixtures, models, templates, mylars, etc.) specific to the part being submitted, used in inspecting or testing if specified
7. Material, performance, and durability test results as specified on the design record, i.e., original material certification/original mill report
8. Process flow diagrams
9. Process Failure Mode and Effects Analysis (Process FMEA).
10. Control Plans that include all product and process-related significant or critical characteristics. Control Plans for "families" of similar parts are acceptable if the new parts have been reviewed for commonality.
11. Process capability results showing conformance to customer requirements for significant, critical, and compliance-related characteristics, with supporting data such as control charts.

12. Measurement system variation (Gage R&R) studies for all equipment used for the statistical studies for new or modified gages, measurement, and test equipment.
13. Engineering approval when so required on SAF-HOLLAND's drawing or specification.

2.7.1.2 Retention/Submission Requirements Table

In the absence of instructions to the contrary, Level 3 applies. The purchase order will specify the submission if it is not Level 3.

		Submission Level				
Requirement		***Level 1***	***Level 2***	***Level 3***	***Level 4***	***Level 5***
1.	Design Record	R	S	S	*	R
	-for proprietary components/details	R	R	R	*	R
	-for all other components/details	R	S	S	*	R
2.	Engineering Change Documents if any	R	S	S	*	R
3.	Customer Engineering Approval, if required	R	R	S	*	R
4.	Design FMEA for details	R	R	S	*	R
5.	Process Flow Diagrams	R	R	S	*	R
6.	Process FMEA	R	R	S	*	R
7.	Control Plan	R	R	S	*	R
8.	Measurement System Analysis (MSA)	R	R	S	*	R
9.	Dimensional Results	R	S	S	*	R
10.	Material, Performance Test Results	R	S	S	*	R
11.	Initial Process Studies	R	R	S	*	R
12.	Qualified Laboratory Documentation	R	S	S	*	R
13.	Appearance Approval Report (AAR), if applicable	S	S	S	*	R
14.	Sample Product	R	S	S	*	R
15.	Master Sample	*R	*R	*R	*	*R
16.	Checking Aids	R	R	R	*	R
17.	Records of Compliance with Customer-Specific Requirements.	R	R	S	*	R
18.	Part Submission Warrant (PSW)	S	S	S	S	R
	-Bulk Material (See 4.1 of AIAG PPAP)	S	S	S	S	R

S - Submit to designated SAF-HOLLAND facility for part approval activity. Retain copy at manufacturing location.

R - Retain at manufacturing location. **Readily** available to SAF-HOLLAND representative upon request.

***** - Retain at manufacturing location and submit upon SAF-HOLLAND request.

Sample Submission Forms and Instructions

- The Part Submission Warrant form (Appendix D)
- Dimensional Results sheets that may be used (Appendix E)
- Material Test Results – no form. We will only accept material certifications supplied by the producer (original material certifications) or third-party certifications from SAF-HOLLAND-audited and approved labs or A2LA or ISO 17025 certified labs.

2.8 Verification Reviews of Purchased Product

The Supplier shall allow both SAF-HOLLAND and its customers the right to verify, at the Supplier's premises, the product and subcontracted product(s) conform to specified requirements. Prior to conducting such verification reviews, the SAF-HOLLAND contact shall specify both the arrangements and method of performing the reviews.

2.9 Warranty

Requirements for warranty may be identified on SAF-HOLLAND purchase orders or contracts. Other specific warranty requirements may be reviewed/identified before business is awarded.

2.10 Changes to Approved Product and Processes

No changes may be made to approved production product (or the processes for the product) without notifying SAF-HOLLAND Strategic Sourcing Department. (See the requirements under 2.7. Production Part Approval Process). Failure to comply with these requirements shall make the Supplier fully responsible for those costs resulting in failures attributable to the change. Deviations from drawings may be requested by the supplier, see Appendix B for a sample document.

3.0 Manufacturing Control

3.1 Dies, Patterns, Moulds, Special Tooling, and Returnable Packaging

The Supplier shall establish preventive/predictive maintenance procedures on all SAF-HOLLAND tooling. Evidence of procedure execution shall be made available upon request. All tooling shall be permanently marked so that the ownership of each item is visually apparent. Tooling shall be stored to prevent damage or deterioration to the tool.

Preventive/predictive maintenance schedules and tool history records shall be documented and available for review.

The Supplier shall be responsible for establishing a system to ensure that goods and/or services are transported and stored in a manner that prevents damage, deterioration, etc.

3.2 Component Cleanliness

The supplier is responsible for ensuring that any substances used in the production of parts supplied to SAF-Holland can be adequately removed for coating adhesion using existing wash systems at SAF-Holland manufacturing sites.

Parts will be evaluated for wash and paint as part of the PPAP process, or as part of the SRCA process. Product data sheets (PDS) and material safety data sheets (MSDS) for substances used in the manufacturing processes must be submitted to SAF-Holland for review along with representative samples that will be run through the wash/paint process at the various SAF-Holland manufacturing facilities.

3.3 Corrective Action Requests

The Supplier is responsible for the quality of the product shipped to SAF-HOLLAND plants. This responsibility extends from the SAF-HOLLAND receiving dock to SAF-HOLLAND's customer.

A Q-Note (Quality Notification) can be issued to the Supplier when an SAF-HOLLAND plant receives material or service that fails to conform to applicable quality and delivery specifications. An Eight disciplines problem solving (8Ds) report may be used to request a documented corrective action from the Supplier. (If an 8D is NOT submitted to the Supplier, it is intended that the Supplier still initiates action to correct the problem.)

Response Timing Expectations:

- 4 Hours: Acknowledgement of the concern.
- 24 hours: Initial Response, 8D complete through sections D3. Detailing both ERA (Emergency Response Actions) and ICA (Interim Containment Actions)
- 7 days: All suspect material at SAFH has been dispositioned and is removed from all SAFH locations.
- 14 days: Receipt of the 8D completed thru D5 with detailed evidence validating root cause, methods used to arrive at root cause, and the corrective action plan.
- 30 days: Final and complete 8D received.

Supplier must receive a written approval from SAF- Holland quality staff for any extension to the above response timing requirements to avoid additional negative supplier impacts

Failure to respond within the timing expectations communicated within this notice could result in additional supplier score impacts due to not meeting delivery requirements because of this action.

24 Hour Response

The team must include at least one operator and the problem description shall be defined in the 5W/1H format. Containment actions are required for all notifications, the Supplier is required to submit, in writing, the containment plan for material, at a minimum this shall capture the Emergency Response Actions (ERA) to the concern. This plan must include a clear method of controlling the outflow of non-conforming material (NCM), identifying suspect material and their locations throughout the entire value stream. Provide clear visual identification to differentiate product that has been through the containment process to support a break point for the event.

ERA vs ICA vs PCA Examples		
Emergency Response Actions (ERA)	**Interim Corrective Actions (ICA)**	**Permanent Corrective Actions (PCA)**
Quality Alert Issued		
Locations of suspect material identified		
Issuance of return material authorization of reported part that customer concern originated from.		
Sorting of previously produced suspect material	Ongoing (Certification) sorting of production material to confirm conformance. (While deteriming RC)	
Identifying the break point between "Clean" and Suspect stock	Continued container or part marking of conforming material.	
Bringing machine parameters back to conformance	Ongoing confirmation of machine parameters	Prevents process from running without proper parameters
Machine maintenance review	Correcting machine to bring into compliance items from the machine review	Establishing procedures or adjust maintenance schedules to prevent error mode.
Verification of operator training on process that created the defect.	Training of operators	Corrects what allowed operators to not be trained.

Post 24 Hour Response

Effectiveness of the containment actions shall be supported by data within the D3 section and must be populated throughout until the entire 8D process is complete.

In some instances, interim containment actions (ICA) are required in addition to an ERA. In other instances, the ERA becomes your ICA. However, in either case, **It is the expectation that this ICA is to remain in place until such time that corrective actions to prevent the occurrence are verified as effective and closure of the 8D at SAFH has been formally documented with the supplier.**

14 Day Response

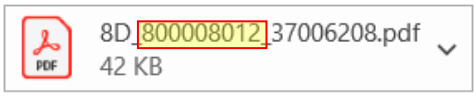
The Supplier shall submit a formal, permanent corrective action plan on the provided 8D thru D5. At a minimum, this action plan shall identify the problem (not just the problem as experienced by the customer), the potential root cause(s) of the problem and the plan to correct the root cause of the error that produced the defect. This preliminary response for the corrective action is expected within 14 days, in addition to the items above, the supplier must have data populated in section D3 of this response for the Interim Containment Activity.

30 Day Response

A complete and final 8D listing the confirmed root cause, method to validate root cause supported with trial Data (can we turn it off and on?), corrective actions, verification of effectiveness data for the corrective action (Production Data), and system prevention actions must be submitted no later than thirty 30 days from the date of the initial notification, unless otherwise specified by SAF-HOLLAND personnel.

Communications

All responses to Corrective Action Requests are to be sent to the issuer on the supplied SAFH 8D form or a similar supplier form, as long as it covers the same content of the eight disciplines. All communications and documents must include the 9-digit SAF-Holland concern number associated with this non-conformance, see highlighted portion in the visual below.



- Emails shall include this number in the subject line at minimum
- Attachments shall include this number in their file name at a minimum.
- In addition to this number, 8D responses shall include the level of completion and the date it is sent within their file name.

The plant Quality personnel, Supplier Quality Engineer or Strategic Sourcing/Supply Chain personnel may follow up on non-conformances and corrective actions with the Supplier to assure that the response from the Supplier is correct and timely.

3.4 Containment Status

SAF-HOLLAND plants have an expectation of 100% conforming product shipments and will work with suppliers to ensure attainment of that goal. Suppliers whose performance is unreliable may require additional steps to ensure conforming product at the cost of the supplier.

3.4.1 Sorting Activities:

- The preferred method that should be utilized is a stock swap in which all suspect material is returned to the supplier for sorting to be conducted at their facilities.

- In the event sorting must be conducted at SAF-Holland it will only be permitted on a temporary basis when the removal of the material from our facilities would pose to great of impact to our production and/or our delivery requirements to our customer(s).
- The supplier is 100% required to engage the 3rd party and set-up direct billing.
- The supplier is responsible for managing these activities and to provide all required tools and materials required to the inspectors and/or contracted 3rd party prior to the start of sorting activities.

SAF Holland does not engage or pay 3rd party inspection sources for supplier related parts that need sorting and clean points achieve.

3.4.2 Material Disposition:

- All non-conforming material is to be dispositioned by the supplier within 7 days of this notification date.
- If disposition is not received from the supplier within 7 days after the material has been classified the material will be scrapped and the cost will be debited from the supplier.
- Suspect material that has not been sorted nor returned to the supplier with a provided RGA within 7 days will be scrapped and the cost will be debited from the supplier.

3.5 Quality Improvement Meetings

Suppliers who do not meet SAF-HOLLAND performance expectations due to quality or delivery performance may be selected to attend a Quality Improvement Meeting. Improvement meetings can be held by Strategic Sourcing/Supply Chain or Quality personnel. Quality improvement meetings are designed to drive suppliers to identify the systemic/management issues that need to be addressed in order to put effective closure to an issue(s). The basis upon which a supplier may be invited to an improvement meeting include, but are not limited to, unsatisfactory performance in any of the following areas:

a) Delivery performance

b) Corrective Action response

c) Problem Solving

d) PPAP performance

e) Response and service

f) Supplier Evaluation Rating Program

An outcome of the Improvement Meeting is a mutually agreed upon action plan with realistic goals and targets against which the Supplier is monitored to effective closure of the issue. Action plans that exceed 90 days duration may require the Supplier's justification and may warrant interim improvement meeting reviews. Follow-ups on the Supplier's performance issues may be from Strategic Sourcing/Supply Chain personnel or plant Quality Manager.

3.6 Non-Conforming Material

The policy of SAF-HOLLAND is to not accept product that does not meet the specifications to applicable drawings and requirements. If the Supplier finds product outside of the requirements:

3.6.1 Nonconforming product is NOT to be shipped to SAF-HOLLAND. The product is to be repaired, reworked (within drawing tolerances), or replaced.

3.6.2 If a supplier's current controls either, temporary or permanent, are not sufficient to insulate SAF-Holland from receipt of additional nonconforming material, controlled shipping may be initiated with written notification from SAF-Holland

3.6.3 If a supplier's current controls either, temporary or permanent, are not sufficient to insulate SAF-Holland from receipt of additional nonconforming material, controlled shipping may be initiated with written notification from SAF-Holland.

3.6.4 Suppliers must submit a deviation request for any nonconformance to the applicable manufacturing facility prior to shipping the material. The manufacturing facility, if it agrees that the request should be considered, will forward the request to the appropriate SAF-HOLLAND Design Center for processing in accordance with ZP830-001 – Deviation Processing Procedure. The Supplier will still need to correct the problem that caused the part to be outside of the required specification. These deviation requests may be subject to administrative fees, see section 3.11 of this document for further detail

3.7 COPQ (Costs of Poor Quality):

All costs incurred by SAF-Holland that are due to a supplier not adhering to SAF-Holland quality and delivery requirements may be charged back to the responsible supplier.

This includes, but is not limited to:

- Administrative charges (Standard rate is $350 USD per Q-Note, Subject to change relative to the amount of SAFH resources required)
- Customer issues
- Scrap or other in-process waste (Component and value-added product including finished goods)
- Warranty
- Rework
- Sorting and Disposition of suspect material and non-conforming product
- Shipping and Handling
- Premium Freight (Inbound and Outbound)
- Downtime, overtime, line speed reductions
- Equipment damage
- Manpower required to sort materials
- Replacement material cost
- Value-added operations prior to discovery
- Additional incoming inspection to protect against poor supplier performance

3.8 Material Certifications / Certificates of Conformance / Capability Data Summary

A signed certificate of conformance, certificate of analysis, and/or capability data summary may be required to accompany each shipment of specified components or materials.

Original material certifications or original mill material certifications are required for all castings, forgings, raw steel and parts manufactured from raw steel, graded fasteners, rubber and plastic parts, and other material as specified on the purchase order. Third party certifications will be accepted from SAF-HOLLAND-audited and approved laboratories or A2LA or ISO 17025 certified laboratories. The original material certifications must be received with the shipments. Material received less the required documentation will be considered nonconforming and may be subject to administrative fees per section 3.12 of this document.

The certificate of analysis must contain the actual results of physical testing and/or measurements specified by the drawing, specification, and/or purchase order.

Any Supplier may be required to supply test bars and/or test coupons to be used to verify the supplier material certification. Strategic Sourcing/Supply Chain/Quality will advise the supplier in writing when this is required.

3.9 Identification and Labeling Requirements for Material Shipped to SAF-HOLLAND Facilities

Identification shall permit traceability back to specific Supplier manufacturing and inspection records. Safety related identification criteria shall conform, at minimum, to all legal and/or SAF-HOLLAND requirements. No exceptions to this requirement shall be permitted unless acknowledged in writing by a representative of the manufacturing facility receiving the material.

The following labeling instructions apply for proper addressing of parts and materials shipped or delivered to SAF-HOLLAND locations. Material not in compliance with this requirement will be considered nonconforming. Suppliers must ensure that all parts and material are correctly labeled and that the labels are properly attached.

3.9.1 AIAG Labeling Guideline

The Automotive Industry Action Group's AIAG Trading Partners Labels. Implementation Guideline (B-10) provides instructions for printing and applying shipping/parts identification labels to improve productivity and controls at suppliers and SAF-HOLLAND locations.

Barcode Symbology - Bar codes must be the 3-of-9 (Code 39) type as specified by the Automotive Industry Action Group (AIAG: B-10)

3.9.2 Label Size and Materials

The required label size is 4 inches high by 6 inches wide. The label paper shall be white with bold, black printing. Adhesive labels can be pressure sensitive or dry gummed as long as adherence to the container is assured, application is wrinkle free, and only used for expendable packaging. Sample labels are located in Appendix F.

3.9.3 Container Label

Identical labels should be located on two adjacent sides of each container. The upper edge of the label should be as high as possible on the container. A sample container label is located in Appendix F. For multiple containers on a pallet, a master label (see section 3.7.4) or a mixed load label (see section 3.7.5) should be visible.

3.9.4 Master Label

A Master Label shall be used to identify the total contents of a multiple single pack load of the same part number. See AIAG B-10 pages 18 and 23 for further information. A sample Master label is located in Appendix G.

3.9.5 Mixed Load Label

Mixing of part numbers on a pallet is discouraged but may be unavoidable due to low order quantities and/or shipping/handling expense. In these limited circumstances, a Mixed Load Label shall be used to identify a load of multiple single packs of different part numbers. In a mixed load situation, individual box labels should be visible to the operator without disbanding the unit load. See AIAG B-10 pages 18 and 23 for further information. A sample Mixed Load label is located in Appendix H.

3.9.6 Destination Label

Each unit load must be identified with a properly addressed Destination Label directing the unit load to the exact shipping address of the receiving plant location. The Destination Label must be placed on the unit load where it can be easily seen and read. A sample Destination Label is located in Appendix J.

3.10 Product Packaging

In order to ensure that the Supplier's products are transported in a manner that prevents damage, deterioration, etc., suppliers are responsible for maintaining written instructions, detailing proper packaging, storage, and shipping of its products that conform to the SAF-HOLLAND user plant's requirements.

The Supplier shall be responsible for establishing a system to ensure that goods and/or services are transported in a manner that prevents damage, deterioration, etc. and must comply with all of SAF-HOLLAND specifications.

Each container, rack, box or pallet of material shipped to any SAF-HOLLAND plant shall be packaged and identified as defined in Appendix F. Material that does not meet these requirements will be classified as defective product.

3.11 Delivery Performance Expectation

The Supplier shall provide 100% conformance to the delivery requirements as specified by the purchase order. Costs incurred as a result of delivery nonconformance shall be borne by the Supplier, see section 3.11 of this document for information on administrative fees that may be imposed. When notified of a delivery nonconformance, a Supplier may be requested to provide a formal corrective action report.

3.12 Sub-Supplier Control

Each SAF-HOLLAND supplier is also responsible for the control and continuous improvement efforts of its suppliers. Sub-suppliers that furnish production goods and services must implement and document appropriate controls. On a periodic basis, the Supplier shall review sub-supplier controls, quality management systems, and improvement plans.

SAF-HOLLAND suppliers shall require their suppliers have a quality system in place.

SAF-HOLLAND reserves the right to visit sub-suppliers in conjunction and agreement with the supplier.

3.13 Applicable Administrative Charges for Nonconformance

In addition to the costs of any nonconforming or defective material, a mandatory minimum charge to the Supplier may be imposed for the following:

a) Nonconforming product (may be charged daily)

b) Deviation/concession requests

c) PPAP submission rejections or shipments of unapproved product

d) Delivery performance failures (in addition to any actual costs associated with the failure – may be charged daily)

However, other specific charges may be identified at the discretion of procurement and the plant Quality Manager. All charges will be captured through SAF-Holland's Supplier Recovery Process.

Deviation requests for continuous improvement proposals are encouraged and will incur no administrative charges. (See sample document Appendix B.)

4.0 Supplier Performance Rating for Material Supplied to SAF-HOLLAND Facilities

4.1 Supplier Performance Rating

Selected suppliers will be rated based on quality of product (PPM) delivered to SAF-HOLLAND and timeliness of those deliveries (on time delivery). A copy of the SAF-HOLLAND Supplier Performance is available through SAF-HOLLAND supplier portal or the SAF-HOLLAND Strategic Sourcing Department.

The quality and delivery ratings for a vendor will be combined (with the quality score weighted at 70% and the delivery at 30%) to arrive at the final grading system of A (better than 80%), B (50% to 80%) or C (unacceptable, at less than 50%).

Ratings are calculated periodically or as needed unless a compelling reason to recalculate sooner occurs.

Appendix A – AIAG Reference

The following publications are available from the Automotive Industry Action Group (AIAG). These documents contain information that is mandatory for suppliers to SAF-HOLLAND.

- Production Part Approval Process (PPAP)
- Advanced Product Quality Planning (APQP) and Control Plan Reference Manual
- Potential Failure Modes and Effects Analysis (FMEA) Reference Manual
- Measurement Systems Analysis (MSA) Reference Manual
- Fundamental Statistical Process Control Reference Manual
- ISO/IATF 16949 Manuals
- Automotive Identification/Bar Coding

These documents can be purchased from:

Canada/United States

Automotive Industry Action Group (AIAG)
26200 Lahser Road, Suite 200
Southfield MI 48033-7100
USA

Telephone: (248) 358-3570/3003
Fax: (248) 358-3253

Mexico

Instituta Mexicano de Normalizacio Y
Certificacion A.C.
Manuel Maria Contreras No 133
Ler. Piso, Col. Cuauhtemoc. C.P. 06470
Mexico DF

Telephone: 52-5-546-4546
Fax: 52-5-566-4750

Appendix B – SRCA Form

SAF Holland **SUPPLIER REQUEST CHANGE APPROVAL** No.

PART/PROGRAM/EQUIPMENT NAME	PART NUMBER(S) AFFECTED	PART REVISION

(Attach additional pages if more space is needed)		

SUPPLIER NAME:	SUPPLIER ADDRESS:	DEPARTMENT AND PLANT	DATE

SAF-HOLLAND PLANT(S) AFFECTED:

Engineering (Internal Use)	IS THIS CHANGE CORRECTING A PREVIOUS ACTION?	CHANGE IS?
☐ Deviation Required ☐ ECN Required	☐ QNOTE ☐ DEVIATION ☐ OTHER	☐ PRODUCT ☐ PROCESS ☐ PACKAGING
Quality Department (Internal User)		
☐ Customer Notification Required ☐ PPAP Required PPAP LEVEL ☐ 1, ☐ 2, ☐ 3, ☐ 4, ☐ 5	QNOTE OR DEVIATION #:	☐ PERMANENT ☐ TEMPORARY
☐ Other	PIECE PRICE AFFECTED? ☐ YES ☐ NO COMMENTS	IF TEMPORARY CHANGE, QUANTITY OR TIME

REASON FOR CHANGE: (Document the cause of the problem: what is wrong, what happened, or why the change is needed)

DESCRIPTION OF CHANGE: (Explain what you would like to do, e.g., "Move Machine, Change Source, Change Manufacturing Location, Change / Upgrade Equipment, Use an additional Line/Cell/Press")

TIME REQUIRED TO IMPLEMENT THE CHANGE (LEAD TIME):

SUPPLIER SIGNATURE & DATE:	**FINAL REQUEST DIPOSITION:** **☐ REQUEST ACCEPTED ☐ REQUEST DENIED**

FINAL APPROVAL	PRINT NAME	SIGNATURE	COMMENTS
ENGINEERING SUPERVISOR ☐APPROVED ☐REJECTED			
APPROVALS	**PRINT NAME**	**SIGNATURE**	**COMMENTS**
P&IC APPROVER ☐APPROVED ☐REJECTED ☐N/A (required for all packaging changes)			
CORPORATE QUALITY ☐APPROVED ☐REJECTED ☐N/A			
PLANT MANAGER ☐APPROVED ☐REJECTED			
PLANT QUALITY MANAGER ☐APPROVED ☐REJECTED			
ENGINEERING REVIEWER ☐APPROVED ☐REJECTED			
COMMODITY MANAGER ☐APPROVED ☐REJECTED			

Appendix C

Suggested PPAP Sample Identification Tag

(Company Name)

PPAP Sample Enclosed

(Specific facility and address)

Supplier:_____

Part Number:_____

EC#:_____

Attention:_____

Quality Engineer

Appendix D – Warrant Document

Part Submission Warrant

Part Name _____ Part Number _____

Engineering Drawing Change Level _____ Dated _____

Additional Engineering Changes _____ Dated _____

Shown on Drawing No. _____ Purchase Order No. _____ Weight _____ lb

Supplier Manufacturing Information

_____
Supplier Name Supplier Code

_____
Street Address

_____
City/State/Postal Code

Submission Information

☐ Dimensional ☐ Materials/Functional ☐ Appearance

Customer Name/Division _____

Buyer _____

Application _____

Reason for Submission

- ☐ Initial Submission
- ☐ Engineering Change(s)
- ☐ Tooling: Transfer, Replacement, Refurbishment, or additional
- ☐ Correction of Discrepancy
- ☐ Change to Optional Construction or Material
- ☐ Sub-Supplier or Material Source Change
- ☐ Change in Part Processing
- ☐ Parts Produced at Additional Location
- ☐ Other - Please specify

Requested Submission Level (Check one)

- ☐ Level 1 - Warrant, Appearance Approval Report (for designated appearance items only)
- ☐ Level 2 - Warrant, Parts, Drawings, Inspection Results, Laboratory and Functional Results, Appearance Approval Report
- ☐ Level 3 - At Customer Location - Warrant, Parts, Drawings, Inspection Results, Laboratory and Functional Results, Appearance Approval Report, Process Capability Results, Capability Study, Process Control Plan, Gage Study, FMEA
- ☐ Level 4 – PSW and other requirements as defined by the customer.
- ☐ Level 5 - At Supplier Location - Warrant, Parts, Drawings, Inspection Results, Laboratory and Functional Results, Appearance Approval Report, Process Capability Results, Capability Study, Process Control Plan, Gage Study, FMEA

Submission Results

The results for ☐ dimensional measurements ☐ material and functional tests ☐ appearance criteria ☐ statistical process package

These results meet all drawing and specification requirements: ☐ Yes ☐ No (If "No" - Explanation required)

Declaration

I affirm that the samples represented by this warrant are representative of our parts and have been made to the applicable customer drawings and specifications and are made from specified materials on regular production tooling with no operations other than the regular production process. I have noted any deviations from this declaration below:

Explanation/Comments: _____

Print Name _____ Title _____ Phone No. _____

Supplier Authorized Signature _____ Date _____

For Customer Use Only

☐ Approved ☐ Rejected ☐ Other _____

Part Disposition

Customer Name _____ Customer Signature _____ Date _____

APPENDIX E – DIMENSIONAL RESULTS

Dimensional Layout Report

Supplier Name/Number:	SAF Part #:	Part Rev. Level:
Tested by:	Part Name:	Supplier Phone #:

Balloon #	Dimensional Description	Specification		Type of Gage	Measurement Readings:						Ok/
		Upper Limit	Lower Limit		1	2	3	4	5	6	Not Ok

Signature:	Title:		Date:

APPENDIX F – CONTAINER LABEL

Engineering Your Road to Success

Packaging and Shipping (Container) Label Detailed Outline

Part Number
Block Title = PART # CUST (P)
Data = The Part Number as designated by SAF-HOLLAND.
Data Identifier (DI) = P
Maximum Length = 19 (1 character DI + 18 alphanumeric characters)

Quantity of Pieces
Block Title = QTY (Q)
Data = The number of pieces in this shipping box.
Data Identifier (DI) = Q
Maximum Length = 7 (1 character DI + 6 characters)
Note: Unit of measure assumed as EACH. Any other unit of measure must be readable next to barcode.

Supplier Identification
Block Title = SUPLR ID CUST ASGN (V)
Data = The Supplier Code assigned your company by SAF-HOLLAND.
Data Identifier (DI) = V
Maximum Length = 8 (1 character DI + 7 alphanumeric characters)

Serial Number
Block Title = SHIPMENT ID (2S)
Data = Supplier assigned unique shipper identification (SID#).
Data Identifier (DI) = 2S
Maximum Length = 22 (2 characters DI + 20 alphanumeric characters)

PART # CUSP (P) **ABDCEFGHIJKLM1234567**

QTY (Q) **100**

PART NUMBER DESCRIPTION
LT HAND SNGL MUFFLER BEARING

REV A

SUPLR ID CUST ASGN (V) 12345AB

PO# (K) 5000123456

LINE # (4K) 00010

SHIPMENT ID (2S) 537279297373963819

SHIP FROM
ACME PARTS SUPPLIER
12345 Street
City, State ZIP
(888)555-1212

NOTE: NOT TO SCALE.
For correct measurements, see the AIAG B-10 Guideline.

Purchase Order Number
Block Title = PO # (K)
Data = The purchase order number for the part, assigned by SAF-HOLLAND.
Data Identifier (DI) = K
Maximum Length = 11 (1 character DI + 10 alphanumeric characters)

Labeling Instructions
Label Color = Paper shall be white with bold black printing.
Label Location = Attached to two adjacent sides of shipping box.
Label Size = Height 4" by Width 6".

For further instructions, see the AIAG B-10 Guideline.

Part Number Description
Block Title = PART NUMBER DESCRIPTION
Data = Part description as defined by SAF-HOLLAND. Include Rev and Engineering Revision Letter in upper right corner.
Text Height = Minimum 3 LPB
Maximum Length = Maximum 2 lines of text, no more than 15 characters per line.

Line Number
Block Title = LINE # (4K)
Data = The line number of the part on the Purchase Order assigned by SAF-HOLLAND.
Data Identifier (DI) = 4K
Maximum Length = 7 (2 characters DI + 5 characters)

Supplier Information
Block Title = SHIP FROM
Data = Name, Address and Telephone Number of supplier to be used for problems or questions.
Text Height = Minimum 6 LPB
Maximum Length = Maximum 5 lines of text, no more than 25 characters per line.

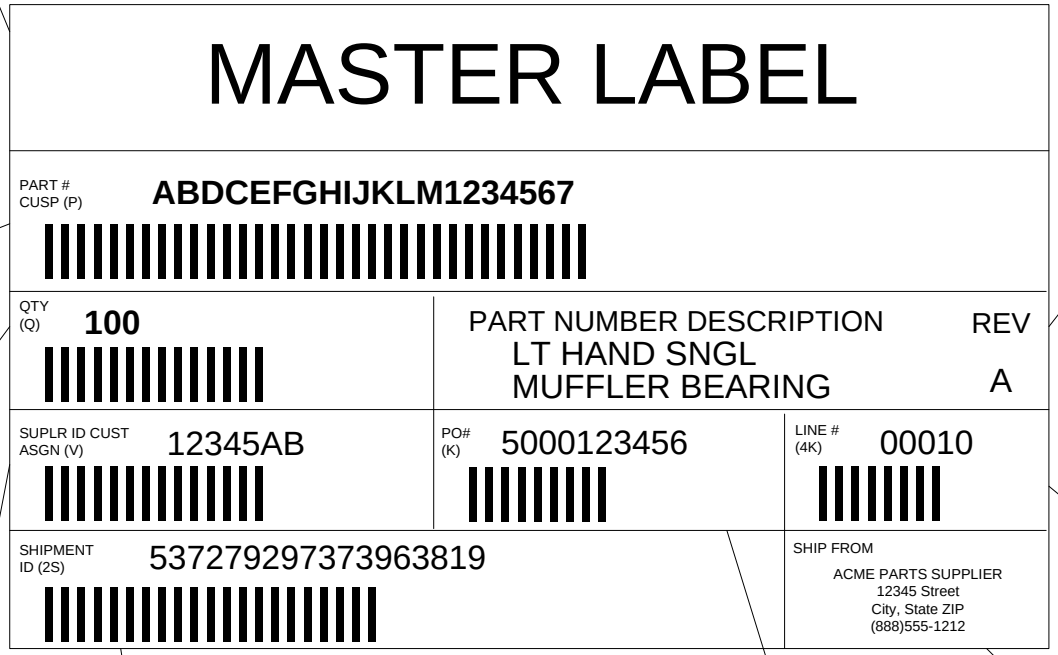
APPENDIX G – MASTER LABEL

Master Label
Block Title = None
Data = MASTER LABEL
Text Height = Minimum 1 LPB
Maximum Length = Maximum 1 line of text, no more thatn 12 characters.

Labeling Instructions
Label Color = Paper shall be white with bold black printing.
Label Location = Attached to two adjacent sides of a unit load to identify total contents of a multiple single pack unit load. Adhere outside of shrink wrap.
Label Size = Height 4" by Width 6".

For further instructions, see the AIAG B-10 Guideline.

Master Label Detailed Outline



Part Number
Block Title = PART # CUST (P)
Data = The Part Number as designated by SAF-HOLLAND for all multiple single packs in unit load.
Data Identifier (DI) = P
Maximum Length = 19 (1 character DI + 18 alphanumeric characters)

Part Number Description
Block Title = PART NUMBER DESCRIPTION
Data = Part description as defined by SAF-HOLLAND. Include Rev and Engineering Revision Letter in upper right corner.
Text Height = Minimum 3 LPB
Maximum Length = Maximum 2 lines of text, no more than 15 characters per line.

Quantity of Pieces
Block Title = QTY (Q)
Data = The total mutiple pack quantity in unit load.
Data Identifier (DI) = Q
Maximum Length = 7 (1 character DI + 6 characters)

Line Number
Block Title = LINE # (4K)
Data = The line number of the part on the Purchase Order assigned by SAF-HOLLAND.
Data Identifier (DI) = 4K
Maximum Length = 7 (2 characters DI + 5 characters)

Supplier Identification
Block Title = SUPLR ID CUST ASGN (V)
Data = The Supplier Code assigned your company by SAF-HOLLAND.
Data Identifier (DI) = V
Maximum Length = 8 (1 character DI + 7 alphanumeric characters)

Serial Number
Block Title = SHIPMENT ID (2S)
Data = Supplier assigned unique shipper identification (SID#).
Data Identifier (DI) = 2S
Maximum Length = 22 (2 characters DI + 20 alphanumeric characters)

NOTE: NOT TO SCALE.
For correct measurements, see the AIAG B-10 Guideline.

Purchase Order Number
Block Title = PO # (K)
Data = The purchase order number for the part, assigned by SAF-HOLLAND.
Data Identifier (DI) = K
Maximum Length = 11 (1 character DI + 10 alphanumeric characters)

Supplier Information
Block Title = SHIP FROM
Data = Name, Address and Telephone Number of supplier to be used for problems or questions.
Text Height = Minimum 6 LPB
Maximum Length = Maximum 5 lines of text, no more than 25 characters per line.

APPENDIX H – MIXED LOAD LABEL

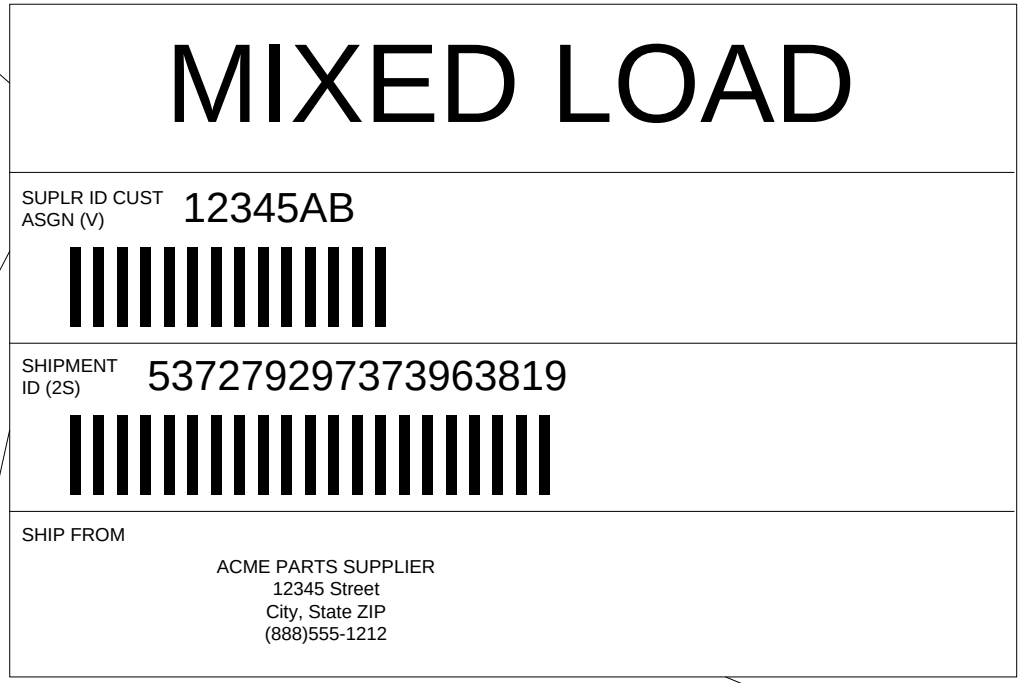
Engineering Your Road to Success

Mixed Load Label Detailed Outline

Mixed Label
Block Title = None
Data = MIXED LOAD
Text Height = Minimum 1LPB
Maximum Length = Maximum 1 line of text, no more than 10 characters.

Supplier Identification
Block Title = SUPLR ID CUST ASGN (V)
Data = The Supplier Code assigned your company by SAF-HOLLAND.
Data Identifier (DI) = V
Maximum Length = 8 (1 character DI + 7 alphanumeric characters)

Serial Number
Block Title = SHIPMENT ID (2S)
Data = Supplier assigned unique shipper identification (SID#).
Data Identifier (DI) = 2S
Maximum Length = 22 (2 characters DI + 20 alphanumeric characters)



NOTE: NOT TO SCALE.
For correct measurements, see the AIAG B-10 Guideline.

Labeling Instructions
Label Color = Paper shall be white with bold black printing.
Label Location = Attach to two adjacent sides of a unit load to identify a multiple single pack unit load of different part numbers. Adhere outside of stretch wrap.
Label Size = Height 4" by Width 6".

For further instructions, see the AIAG B-10 Guideline.

Supplier Information
Block Title = SHIP FROM
Data = Name, Address and Telephone Number of supplier to be used for problems or questions.
Text Height = Minimum 6 LPB
Maximum Length = Maximum 5 lines of text, no more than 25 characters per line.

APPENDIX J – DESTINATION LABEL

Engineering Your Road to Success

Destination Label Detailed Outline

Ship-To Plant Location
Block Title = SAF-HOLLAND PLANT LOCATION CODE
Data = SAF-HOLLAND plant code for the plant being shipped to, designated by SAF-HOLLAND.
Text Height = Minimum 1 LPB (approximately 0.8" to 1")

SAF-HOLLAND PLANT LOCATION CODE

6100

LOCATION (1L) 6100

Delivery Location Barcode
Block Title = LOCATION (1L)
Data = SAF-HOLLAND plant location of shipping destination.
Data Identifier = 1L
Block Height = 2"
Barcode Height = 1"
Maximum Length = 6 (2 characters DI + 3 characters)

Delivery Ship-To Address
Block Title = SHIP TO
Data = Shipping address of the SAF-HOLLAND destination plant. Include Plant Name, Street Address, City, State, Zip Code.
Text Height = Minimum 4 LPB, (approximately 0.20")

SHIP TO

SAF-HOLLAND USA - Muskegon
1950 Industrial Blvd.
Muskegon, MI 49443-0425

SHIP DATE

04/02/07

Ship Date
Block Title = SHIP DATE
Data = The date the material was shipped.
Data Format = MM/DD/YY
Text Height = Minimum 2 LPB (approximately 0.4" to 0.7")

NOTE: NOT TO SCALE.
For correct measurements, see the AIAG B-10 Guideline.