



# Supplier Quality Manual

## SECTION 1: Preface

This manual is to assist our suppliers in understanding the purchasing expectations and quality requirements for products supplied to Catalina Components, Inc. (CCI). The manual is also a tool to assist Catalina Components, Inc. in complying with AITF 16949 and ISO 9001:2015 to develop our suppliers.

In order for Catalina Components, Inc. to maintain compliance to the AITF 16949 requirements, suppliers to Catalina Components, Inc. must achieve certification by an accredited certification body to a current version of the ISO 9001 Quality Management System (at minimum), or be able to demonstrate assessment and approval by an OEM or by a system audit made by or authorized by Catalina Components, Inc.

When circumstances dictate, the requirements of this manual may be modified to comply with the requirements for the supply of products outside the automotive industry. Additionally suppliers of valves and product to non-automotive customers may be excused from the ISO 9001 accreditation requirement.

With complete implementation and adherence to the standards stated herein, Catalina Components, Inc. looks forward to a long and mutually beneficial relationship with our suppliers.

## 1.1 Scope

This manual has been developed to communicate the operating principles, general expectations, requirements, and procedures of Catalina Components, Inc. Adherence to the guidelines described in this manual is required by all Catalina Components, Inc. suppliers. Acceptance of any and/or all purchase orders constitutes acceptance and commitment on behalf of the recipient to comply with this manual's content. This manual is provided as a supplement to, and does not replace or alter, any purchase agreement the general purchase conditions or requirements included in applicable engineering drawings, specifications and other contractual documents. This manual describes the minimum requirements for which the supplier has responsibility. However, system improvements that exceed the requirements specified within this manual are always encouraged.

## 1.2 Purpose

In our Quality policy we state the following:

*Catalina Components, Inc.'s goal is to achieve 100% customer satisfaction, focusing on quality, service and value. CCI is committed to providing our customers with the highest quality products and services at the lowest possible cost. CCI recognizes suppliers are a vital element in achieving these goals. We are therefore committed to maintaining and acquiring superior suppliers and product.*

In order for this objective to be achieved, it is necessary that all functions within CCI and their business associates operate on the "Zero Defects" philosophy. We must both strive for a fundamental quality system that provides for continuous improvement in the quality of product, delivery and services. Emphasis should be on defect prevention and the reductions of variation and waste in the supply chain.

## 1.3 Application

The expectations and requirements described in this manual apply to all suppliers of mass production products. Suppliers must meet all applicable requirements specified herein.

## 1.4 Implementation

Suppliers are responsible for the development, documentation, implementation, and maintenance of a quality system that complies with the ISO 9001: 2015. Suppliers are encouraged to become certified to the quality management system standard IATF-16949-2016 and the environmental management system ISO 14001.

When circumstances dictate, the requirements of this manual may be modified to comply with the requirements for the supply of products outside the Automotive industry. Additionally suppliers of valves may be excused from the ISO 9001 accreditation requirement.

## **SECTION 2: Catalina Components, Inc. Expectations**

### **2.1 Engineering / Technical Support**

CCI is dedicated to the manufacture of the highest quality products. In order for this objective to be achieved, all suppliers should offer engineering and technical support to CCI when said support is requested.

### **2.2 Manufacture Capability / Capacity / Location**

Suppliers are expected to have the resources necessary (people, property, facilities, equipment, and materials) to supply the products required to accommodate CCI's production schedule. This is a requirement to be able to be a preferred supplier to Catalina Components, Inc.

### **2.3 Consistent Quality**

Zero-defect products are required from suppliers to CCI, Inc. Any deviation from this will result in rejection and return of the product to the supplier with subsequent charges attached. This is according to the general automotive industry standard. Payment by Catalina Components, Inc. shall not constitute acceptance. Even after acceptance of a shipment, CCI reserves the right to return any material that proves to be defective for full credit. Defective material shall be returned at the supplier's expense and account debited accordingly. Additional charges for sorting, administrative fees and other related costs (extra transport, end customer charges, etc.) will also be added.

### **2.4 On-Time Delivery**

CCI requires all suppliers to provide 100% on-time delivery performance with the correct quantity and pricing agreed upon. Monitoring of performance levels in this area will be ongoing with formal reporting on a monthly basis. To further clarify this, we consider unauthorized early or late deliveries and partial or over shipments to be unacceptable. The quantity shipped per order or release cannot vary from specified quantity without the consent of the planner who is responsible at the receiving plant.

If a production line is shut down due to poor quality, late delivery, or incorrect quantity on any shipment, the supplier will be responsible for all costs incurred including expediting shipments or charges from Catalina Components, Inc. customers.

## **2.5 Cooperative Management Attitude**

CCI expects our supplier's top management to share our commitment to meet or exceed our customer's quality expectations through continuous improvements. It is also expected that they will give their full support to the relationship that exists between our companies and demonstrate flexibility in assisting CCI in meeting all of our customer's requirements.

The Supplier is required to maintain a CCI plant contact, which can be readily available to assist in solving problems relating to quality, delivery and other issues. Focus should be on continuous improvements.

## **2.6 Rights of Verification of Products/Processes**

CCI reserves the right to verify the products on the supplier's premises by their representatives and our customer and/or their representative. This can be done by different kinds of audits and the supplier will be notified in a timely fashion

## **SECTION 3: Supplier Selection and Performance**

### **3.1 Supplier Assessments and Selection**

CCI supply base will consist of organizations supportive of our business needs. CCI utilizes controlled methods through which suppliers are evaluated, selected, developed and monitored.

Criteria for assessment and selection of suppliers for placement on CCI's Approved Suppliers List is based on the supplier's abilities to meet our specific supplier requirements.

### **3.2 Supplier monitoring**

All claims on suppliers sent from our customers and reported internally will be reported into the CCI computer data system. The purchasing department will review monthly internal reports based on this data (e.g. PPM and number of claims) and management will follow up with the suppliers that can not meet our requirements. On a regular basis CCI will call these suppliers for meetings and will expect that the top management is involved and can show us their action plans to solve the problem. New Business Hold status will be raised based on the supplier's performance and their ability to solve the problems.

## SECTION 4: Quality Requirements

### 4.1 Quality Management System

Our suppliers are required to be certified to the ISO 9001:2015 Quality Management System by an accredited 3rd party registration body. Suppliers are however encouraged to register to the IATF 16949 Automotive Quality Management System (or be able to demonstrate assessment and approval by an OEM or by a system audit made by CCI following the customer specific requirements to use suppliers without Quality Management system certification). Supplier Quality System shall be formally documented, implemented and maintained to ensure that supplier's products conform to the identified purchase specifications, engineering or material specifications and/or contract requirements. The system should be defined and documented in the supplier's own Quality Manual. This manual should be made available to Catalina Components, Inc. for review upon request.

### 4.2 Product Quality

Suppliers are fully responsible for the quality of their products including their sub-suppliers. Both are responsible for providing products that meet all Catalina Components, Inc. requirements, specifications, and drawings as identified on the purchase order and that the products are free from defects as warranted in CCI General Purchasing Conditions. Zero-defect products are expected from all suppliers.

### 4.3 Quality Planning (QAP/APQP)

All suppliers are required to complete a QAP/APQP on all projects (new or changed parts) according to the provided time schedule, and report on the activity as requested. Any change in the time schedule needs to be approved by Components, CCI. This process will be followed up by the responsible Supplier Quality Development Engineer.

### 4.4 Handling of Non PPAP Approved Parts

If requested, for all deliveries of prototype, first off tool and pre series components, the supplier must provide an inspection report detailing:

- Five parts per batch: full 100% dimensional layout (must be separately identified).
- The remaining parts: inspection of all key characteristics defined on the drawing, specification or as detailed in the QAP/APQP process.

#### **4.5 Production Part Approval Process (PPAP)**

The PPAP with all requested documentation and samples according to the QAP/APQP process shall be available or submitted on the agreed date. This documentation shall show that all requirements specified in our drawings and specifications are fulfilled.

The supplier can apply for an Interim approval if the part or documentation cannot conform to all specified requirements. The supplier must apply for this as soon as they see that they cannot present a complete PPAP on the agreed date. The Interim approval shall specify what requirement the supplier cannot fulfill and an action plan showing how and when the part (e.g.: 100% sorting before shipping to CCI) or documentation will be according to specification. An interim approval is always restricted for a limited number of parts or time period.

CCI reserves the right to inspect these samples for conformance and will return a signed Warrant indicating whether it is approved to produce parts for mass production purposes. This report will be submitted to the Supplier. Shipping of mass production material is only allowed with an approved PSW (Part submission Warrant) by Catalina Components, Inc.

#### **4.6 Production Ramp Up Inspection**

At the Start Of Production (SOP) the Supplier may be required to implement a reinforced inspection for an agreed period of time, produced number of parts or until all requirements regarding capability studies are fulfilled. This reinforced inspection plan must contain all key characteristics defined on the drawing as a minimum requirement and will require submission and approval by CCI before the SOP. It must be submitted during the QAP/APQP process and is a part of the PPAP submission.

The reinforced inspection plan will be subject to the following rules:

- 100% inspection of all key characteristics based on the CCI requirements and/or non-conforming capability results.
- The production control plan frequency shall be doubled for all other characteristics.
- For appearance items 100% inspection shall be based on the approved Boundary and Master Samples.

#### **4.7 Annual PPAP Re-Validations**

CCI is required to submit a PPAP to their customers and revalidate annually. All supplier PPAP documentation must not be more than one year old. At that time, all PPAP's over one year old are to be updated upon the request of CC



## 4.8 Continuous Improvements and Statistical Process Control (SPC)

Continuous improvements in the quality of products and/or processes are important to be a preferred supplier to CCI. The supplier should maintain documented evidence of continuous improvement for review upon request by CCI's representative. One portion of any continuous improvement program should be the proper use of statistical methodologies. Statistical data shall be provided as required by the Catalina Components, Inc. representative, as identified by the respective engineering drawing, applicable specifications or standards, and/or the purchase order.

### Critical Characteristics:

Designated critical characteristics shall be subject to continuous ongoing Statistical Process Controls. Other characteristics may be called out for initial or continuous ongoing SPC control.

Customers generally select special characteristics (dimensions, material, etc.) impacted by safety standards and/or critical to fit or function. Those are identified by symbols.

Capability Studies and Statistical Process Control shall be performed in accordance with the rules defined in the latest edition of the AIAG PPAP and SPC manuals.

### Initial Capability:

Products are taken from pre production at the manufacturing location(s) and analyzed statistically. Parts from each unique production process (e.g. duplicate assembly line and/or work cell, each position of a multiple cavity die, mold or pattern) shall be measured and representative parts tested. CCI requirement on initial capability studies are Min 1.67 Ppk. A Pp of minimum 2.0 can also be required.

For non critical dimensions a minimum Ppk of 1.33 might be required.

### On-going Control:

For critical or agreed characteristics where the process can be adjusted during the production run, SPC will be used to control the process output. If nothing else is agreed the CCI requirement on production capability is Min 1.33 Cpk.

In the event of non compliance with the capability requirements, the supplier is required to perform 100% sorting (visual sorting is not accepted) and/or to implement a mechanical poka-yoke on the corresponding characteristics until the agreed action plan is completed and the capability results fully comply with the requirements. These actions (100% sorting or addition of mechanical poka-yoke) will have to be fully documented in the Control Plan and the process FMEA.

## 4.9 Process Records

Process records shall be maintained and be available for CCI upon request. All records shall be retained for a time period of minimum 3 years after production end or for an agreed period of time.

As a minimum, during the production, the supplier shall maintain:

- Process change record
- Ongoing quality control records
- Production record

## 4.10 Non-Conforming Product Control

If a supplier's parts are found to be defective the supplier will be notified by CCI personnel to provide immediate containment and support to resolve the problem using the 8D format and Root Cause Analysis tools.

A most serious concern is when a supplier product/process shuts down a CCI production line making delivery to a CCI customer late. Any condition causing line shutdown and late shipment warrants the supplier's immediate action to eliminate the condition. The supplier is responsible to address containment of the problem at their facility, parts in transit, parts in CCI stocks and at CCI end customer(s), including Safety Stocks.

If requested by CCI, a supplier or a supplier hired third party company may send in a team to sort parts in-house at the supplier expense. If CCI must sort supplier parts in order to keep production supplied with defect free components, the Supplier will be charged for the sorting cost. This charge may be applied to both components and finished assemblies in which the components are used. If a supplier defect causes CCI finished product to be reworked or scrapped, all charges incurred will be the responsibility of the supplier. All other related costs will be charged to the supplier including eventual costs from CCI's customer.

If a supplier cannot implement a permanent corrective action to supply zero defects to CCI and problems continue, CCI will implement QIP- level 2 (Quality Improvement Plan). This is a containment process that will be implemented until the supplier has shown their ability to ship defect-free material on a continuous basis.

A CCI representative will follow up the containment actions. If another defect is discovered within this containment period, QIP-level 3 (New Business on Hold) will be implemented at the Suppliers' expense. The QIP process is not designed to penalize our supplier, the purpose is to prevent any nonconforming part to be delivered to CCI and to assist our supplier's efforts to achieve the 0-defect quality level.

If a supplier detects non-conforming product prior to shipment to CCI the supplier must immediately determine the extent of the problem and take action to correct the problem. If suspect material has been shipped, the supplier must notify Catalina Components, Inc. and implement all necessary actions to prevent the material being used in Catalina Components, Inc. production.

Any rework or repairs to suspect material must be conducted in a controlled manner which assures that the reworked or repaired product meets CCI's specifications. Written instructions should detail the rework or repair, the re-inspection of reworked product and the return of this product to normal production flow. A formal deviation request from the supplier must be sent to CCI and an approval must be received from CCI before any reworked material is shipped to CCI.

A Quality Alert will be distributed to the supplier when defective material has been found. Initial response with initial containment must be completed and returned within 24 hours. Long-term actions must be defined and reported within 7 calendar days unless otherwise agreed. The supplier is expected to implement all necessary actions to close the 8D within 30 calendar days unless otherwise agreed. The supplier will be notified if any aspect of the 8D report is not acceptable and will be required to resubmit the updated report in a timely fashion.

A Quality Alert may also be issued for other reasons.

Some examples include, but are not limited to;

1. Repeated early or late delivery, or late delivery without prior notification.
2. Repeated over/under shipments.
3. Incorrect items sent.
4. Inadequate or incorrect containers/packaging received without authorization from CCI.
5. Lack of shipping and/or certification paperwork.
6. Lack of timely response to a Quality Alert.

#### **4.11 Supplier Request for Change Approval**

No change on the product, process (including production location) or sub-supplier is allowed without written CCI approval. The supplier must send a notification specifying the change to Catalina Components, Inc. CCI will then investigate the possibility to implement the change and will inform the supplier when a decision has been made. A PPAP re-validation of the part and process will be requested if the change is accepted. The notification and request has to comply with the latest edition of AIAG PPAP Manual or VDA2 as agreed upon.

#### 4.12 Packaging and Shipping Requirements

The supplier shall package, label and ship products according to the agreed packaging instruction and shipping agreement.

#### 4.13 IMDS report (International Material Data System)

All specified components, semi-components and materials delivered to CCI must be entered into the IMDS system. This will be requested in the QAP/APQP process. If supplier does not have access to IMDS, arrangements must be made for CCI to make the submittal. The IMDS report must be accepted before the PPAP can be approved.

EU directive 2000/53/CE dated 27<sup>th</sup> June 2002.

#### 4.14 Special Processes

When required during the QAP/APQP process suppliers shall comply with the following AIAG standards:

- CQI-9 Special Process: Heat Treat System Assessment
- CQI-11 Special Process: Plating System Assessment
- CQI-12 Special Process: Coating System Assessment
- CQI-23 Special Process: Molding System Assessment

#### 4.15 REACH Report

When required during the QAP/APQP process suppliers shall comply with the following REACH requirement EC 1907/2006.

One of the requirements of REACH is that manufacturers and importers have a duty to register, for each legal entity, substances on their own, or in preparations that they produce or import in quantities over 1 ton per year (per manufacturer/importer), unless the substance is exempt from registration. Registration requirements also apply to substance(s) intentionally released from articles under certain conditions, in which case the article producer/importer is responsible for the registration.

#### 4.16 Material Safety Data Sheet

A material safety data sheet in accordance with EU guideline must be on file and when requested approved by the CCI/receiving plant before delivery, of any chemicals used in production processes.

#### **4.17 Product Traceability**

All Suppliers to CCI must have an identification system that distinguishes one lot/batch/part from another when shipping finished product.

Each lot/batch/part of material should be clearly identified on the product (where applicable) according to the part drawing or as agreed if not specified on the drawing, and on the product packaging.

The traceability system must comply with the FIFO (First In – First Out) principles for incoming and outgoing material.

#### **4.18 Tools & Gauges Labeling**

All Tools and Gauges property of CCI or belonging to CCI on the behalf of CCI Customers, must be properly labeled by the supplier according to CCI requirements.