



TABLE OF CONTENTS

Purchasing Agreement

- A. Request For Quote (RFQ)
- B. Accreditations
- C. Delivery Requirements
- D. Regulatory
- E. Alpha Fasteners Standard
- F. Certification Requirements
- G. PPAP Late Submission Notification
- H. Environmental Requirements

Supplier Quality Assurance Manual

- 1. Introduction
- 2. Purpose
- 3. Scope
- 4. General Requirements
 - Confidentiality
 - ISO/IATF
 - Support Time (through service parts, etc.)
 - Supplier Commitment
- 5. APQP
- 6. PPAP
- 7. SPC
- 8. Engineering changes
- 9. Process Control
- 10. Training
- 11. Traceability
- 12. Preservation of Product
- 13. FIFO
- 14. Delivery
- 15. Non-Conforming Products
- 16. Advanced Notification
- 17. Supplier Material Rejection / 8D Issuing
- 18. Supplier Responsibilities/ Chargebacks
- 19. Controlled Shipping
- 20. Supplier Assessment
- 21. Supplier Self-Assessments
- 22. Scorecard System / Supplier Performance Evaluation
- 23. Supplier Site Audit
- 24. Continuous Improvement
- 25. Contingencies
- 26. Housekeeping
- 27. Supplied Dunnage



Purchasing Agreement & Supplier Quality Assurance Manual

PURCHASING AGREEMENT

A. REQUEST FOR QUOTE (RFQ)

Requests for Quote are responded to in a timely manner with all requested information included.

B. ACCREDITATIONS

Current ISO/IATF and/or laboratory accreditation shall be submitted prior to business transactions.

Alpha may conduct audits by an Alpha Quality Representative to assure compliance with either of the ISO/IATF 16949 or ISO 9001 standards.

- Heat treat suppliers must provide annual evidence of compliance to the AIAG CQI-9 standard.
- Plating suppliers must provide annual evidence of compliance to the AIAG CQI-11 standard.
- Coating suppliers must provide annual evidence of compliance to the AIAG CQI-12. Standard.
- Welding suppliers must provide annual evidence of compliance to the AIAG CQI-15 standard.

C. DELIVERY REQUIREMENTS

AlphaUSA expects 100% on-time delivery and quality for parts, materials and processing to specified requirements.

D. REGULATORY

All business is to be conducted in a compliance with all relevant federal, state, and local laws and regulations. All daily activities are to be conducted in an environmentally, conscious and responsible behavior. ISO 14001 registration is preferred but not required at this time.

E. CERTIFICATION REQUIREMENTS

Certifications of conformance and/or packing slips must state Alpha's part number, PO number, quantity, specification requirements, along with sampling results.

F. PPAP LATE SUBMISSION NOTIFICATION

If the PPAP required date cannot be met, it is responsibility of the supplier to immediately contact the AlphaUSA Purchasing Department and inform them of such, along with the proposed new PPAP date that is acceptable to AlphaUSA. In no case the engineered drawings and specifications superseded by any informal agreements.

G. ENVIRONMENTAL REQUIREMENTS

Suppliers shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials, as well as applicable environmental, electrical and electromagnetic considerations.

H. REVIEW

This Purchase Agreement and the Supplier Quality Assurance Manual will be reviewed and revised as necessary. The entire supply base will be contacted in case an update takes place.



Purchasing Agreement & Supplier Quality Assurance Manual

SUPPLIER QUALITY ASSURANCE MANUAL

1. INTRODUCTION

AlphaUSA is committed to providing the highest quality products to its customers. As an international stampings and value-added fasteners supplier, it is imperative that all AlphaUSA suppliers recognize their role in achieving this goal.

2. PURPOSE

AlphaUSA provides this manual with the minimum requirements toward establishing and maintaining a supplier relationship. All suppliers are expected to meet the minimum standards set by ISO and AIAG; however, there are additional requirements and processes that this document will provide that are specific to AlphaUSA. Those requirements and processes shall be adhered to at all times.

3. SCOPE

AlphaUSA applies this document to only those suppliers whose products/services affect final product quality or customer requirements. These suppliers include, but are not limited to the following:

- Raw Material Suppliers
- Component Suppliers
- Heat Treat Suppliers
- Plating/Coating Suppliers
- Adhesive/Sealant/Patch Suppliers
- Any Miscellaneous Supplier who machines or processes our products prior to shipment to the customer

4. GENERAL REQUIREMENTS

AlphaUSA has established several preliminary requirements that all suppliers must maintain or pursue to be considered eligible to develop a business relationship.

- Confidentiality: Any and all information received from AlphaUSA regarding its business practices, products, and customers is considered confidential and shall be strictly protected.
- Commitment: Potential suppliers will only be considered if they can commit to the lifetime of a part including any potential service part support that may be required unless otherwise expressed by the purchase order.
- Access: AlphaUSA will have access to all manufacturing areas associated with the product or service provided by the supplier unless a proprietary process or patented technology prohibits.
- Technical Support: Suppliers will support the engineering and design of the part including meetings/visits with AlphaUSA customers if required.
- Contact: Supplier must designate a quality contact who is available 24 hours, holidays, and weekends.
- IATF 16949: AlphaUSA holds the IATF 16949 certification, as such, only suppliers who maintain or are seeking certification as ISO 9001 at minimum will be considered for supplier status.
- Quality Management System: Suppliers will maintain a quality management system that is compliant with ISO 9001: CURRENT REVISION.
- Language: English is the business language to be used for all forms of communication, including corporate day-to-day operations.



Purchasing Agreement & Supplier Quality Assurance Manual

5. APQP

AIAG provides the Advanced Product Quality Planning and Control Plan (APQP) reference manual. A cross-functional team is expected to contribute to the process if required. Lean manufacturing, Kaizen, Six Sigma, Poka Yoke, Error proofing, and 5S are examples of disciplines that should be considered during APQP.

6. PPAP

As a supplier for AlphaUSA, all suppliers must conform to the PPAP guidelines set by the AIAG. This includes providing all documentation required for submission. See the table below for PPAP submission requirements.

- Level 1: Warrant only (and for designated appearance items, an Appearance Approval Report) submitted to the customer.
- Level 2: Warrant with product samples and limited supporting data submitted to the customer.
- Level 3: Warrant with product samples and complete supporting data submitted to the customer.
- Level 4: Warrant and other requirements as defined by the customer.
- Level 5: Warrant with product samples and complete supporting data reviewed at the organization's manufacturing location.

PPAP Submission Requirements

Requirement	Level 1	Level 2	Level 3	Level 4	Level 5
Design Record -for proprietary component/details -for all other components/details	R	S	S	*	R
Engineering Change Documents, if any	R	R	R	*	R
Customer Engineering Approval	R	S	S	*	R
Design FMEA	R	S	S	*	R
Process Flow Diagrams	R	R	S	*	R
Process FMEA	R	R	S	*	R
Control Plan	R	R	S	*	R
Measurement System Analysis Studies	R	R	S	*	R
Dimensional Results	R	S	S	*	R
Material, Performance Results	R	S	S	*	R
Initial Process Studies	R	R	S	*	R
Qualified Laboratory Documentation	R	S	S	*	R
Appearance Approval Report	S	S	S	*	R
Sample Product	R	S	S	*	R
Master sample	R	R	R	*	R
Checking Aids	R	R	S	*	R
Records of Compliance with Customer-Specific Requirements	R	R	S	*	R
Parts Submission Warrant Bulk material Checklist	S	S	S	S	R

S= The organization shall submit to the customer and retain a copy of records or documentation items at appropriate locations.

R= The organization shall retain at appropriate locations and make available to the customer upon request.

*= The organization shall retain at appropriate locations and submit to the customer upon request. (AIAG, 2009)



Purchasing Agreement & Supplier Quality Assurance Manual

7. SPC

Basic statistical concepts, such as variation, control (stability), process capability and over-adjustment are understood and utilized throughout AlphaUSA. This is achieved by a combination of background (education and experience), internal training (documented procedures, special training such as Six Sigma training, etc.) and external training led by consultants, local institutions or training services. Statistical concepts are implemented as applicable in the context of process control, continuous improvement, new product development and corrective and preventive actions.

AlphaUSA may request SPC data on a lot by lot basis depending on the customer requirements and current status of the supplier.

8. ENGINEERING CHANGES

AlphaUSA has a process to assure the timely review, distribution and implementation of all customer engineering standards/specifications and changes based on customer-required schedule. This process is managed by the Engineering department. Timely review should be as soon as possible, and shall not exceed two working weeks.

A change in these engineering standards/specifications will trigger an updated customer PPAP approval when these specifications are referenced on the design record and when they affect the documents of production part approval process, such as control plan, FMEAs, etc. Appropriate records of the updated PPAP are maintained. See the table below for instances where these changes may occur.



Purchasing Agreement & Supplier Quality Assurance Manual

Criteria for Notification

Criteria for Notification	Examples
1. Use of other construction or material than was used in the previously approved part or product.	For example, other construction as documented on a deviation (permit) or included as a note on the design record and not covered in the PPAP section of this manual.
2. Production from new or modified tools (except perishable tools), dies, molds, patterns, etc. including additional or replacement tooling.	This requirement only applies to tools, which due to their unique form function, can be expected to influence the integrity of the final product. It is not meant to describe standard tools (new or repaired), such as standard measuring devices, drivers (manual or power) etc.
3. Production following upgrade or rearrangement of existing tooling or equipment.	Upgrade means the reconstruction and/or modification of a tool or machine or to increase the capacity, performance, or change its existing function. This is not meant to be confused with normal maintenance, repair or replacement of parts, etc. For which no change in performance is to be expected and post repair verification methods have been established. Rearrangement is defined as activity that changes the sequence of product/process flow from that documented in the process flow diagram (including the addition of a new process). Minor adjustments of production equipment may be required to meet safety requirements such as installation of protective covers, elimination of potential ESD risks, etc.
4. Production from tooling and equipment transferred to a different plant site or from an additional plant site.	Production process tooling and/or equipment transferred between buildings or facilities at one or more sites.
5. Change of supplier for parts, non-equivalent materials, or services (e.g., heat-treating, plating).	The organization is responsible for approval of supplier provided material and services.
6. Product produced after the tooling has been inactive for volume production for twelve months or more.	For product that has been produced after tooling has been inactive for twelve months or more: Notification is required when the part has had no change in active purchase order and the existing tooling has been inactive for volume production for twelve months or more. The only exception is when the part has low volume, e.g., service or specialty vehicles. However a customer may specify certain PPAP requirements for service parts.
7. Product and process changes related to components of the production product manufactured internally or manufactured by suppliers.	Any changes, including changes at the suppliers to the organization and their suppliers that affect customer requirements, e.g., fit, form, function, performance, durability.
8. Change in test/inspection method—new technique (no effect on acceptance criteria)	For change in test method, the organization should have evidence that the new method has measurement capability equivalent to the old method.
Additionally for bulk materials: 9. New source of raw material from new or existing supplier. 10. Change in product appearance attributes.	These changes would normally be expected to have an effect on the performance of the product.

(AIAG)

Any changes that meet the requirements above should be reported to AlphaUSA in advance using the “ECN” form.

9. PROCESS CONTROL

Supplier processes (heat treat, plating, patch, etc.) shall be validated at the supplier via in process monitoring (setup, hourly, end of run inspections per the supplier's control plan), in addition to any specified lot certification testing requirements called out by AlphaUSA print or specifications. These instructions should be derived from sources such as the purchase agreement, quality plan, the control plan and the product realization process if applicable. Data collection worksheets are at the discretion of the supplier unless otherwise required.

10. TRAINING

Suppliers are responsible for the training of personnel affecting product quality towards competence in their assigned job functions. This may be accomplished through a combination of internal class room and hands on training, external training via consultants or educational organizations, or background/experience. Personnel not fully competent in a specific job or task should be supervised, given restricted duties, paired with an experienced associate, or otherwise handled with extra attention until competence is achieved.

Effectiveness of training should be evaluated as the responsibility of the employee's contribution towards achievement of quality and productivity goals and adherence to safety guidelines increases. Employees in positions directly affecting product quality should be made aware of the relevance and importance of their contribution to quality objectives.

Records of education, training, skills and experience should be tracked for the length of employment with the supplier and updated at regular intervals.



Purchasing Agreement & Supplier Quality Assurance Manual

11. TRACEABILITY

AlphaUSA raw materials are given unique serial numbers, which are matched and traceable to unique AlphaUSA manufacturing serial numbers. Work in process material is tagged at all stages of the process with the assigned lot/serial number and status as to which operations are completed. The supplier will use AlphaUSA lot/serial number or their own internal lot number; however, AlphaUSA lot/serial number must be returned to the container prior to being delivered to its next operation. Incoming material is not moved to the next operation until status is verified. Suppliers shall validate all processes by providing certificates and/ or signatures to the bin tags associated with each unique lot.

12. PRESERVATION OF PRODUCT

Suppliers shall guarantee the conformity of products during internal processing and delivery to the intended destination. This preservation includes adequate identification, handling, packaging, storage and protection.

General guidelines, where practicable:

- Skids of bulk material shall not be over-filled.
- All material shall be identified properly with the original AlphaUSA tag.

13. FIRST IN, FIRST OUT (FIFO)

In order to detect deterioration, the condition of product in stock is assessed at appropriate planned intervals. AlphaUSA uses an inventory management system to optimize inventory turnover time and assure stock rotation, such as "first-in-first-out" (FIFO). All suppliers are expected to practice FIFO in order to ensure that AlphaUSA has no interruptions in their production scheduling or deterioration of product condition.

14. DELIVERY

AlphaUSA practices just-in-time delivery to its customers. As such, suppliers have the ability to directly affect shipments to AlphaUSA customers; therefore, they will be monitored, and delivery ratings will be assessed and accumulated. Any supplier who fails to meet the requirements will be subject to lose points to their scorecard, possible probation, or suspension of new business.

15. NON-CONFORMING PRODUCT

Suppliers are responsible for containing all non-conforming material found at their facility. Non-conforming product shall consist of product or components that are unidentified, suspected to be non-conforming, or do not meet AlphaUSA specifications (including received material from an outside supplier). Any suspect or non-conforming product discovered prior to shipment to AlphaUSA will be reviewed by supplier quality. Any product found to be suspect or non-conforming after shipment to AlphaUSA will require disposition of material and can result in an 8D and points assessed on the supplier's scorecard.



Purchasing Agreement & Supplier Quality Assurance Manual

16. ADVANCED NOTIFICATION

Suppliers will notify AlphaUSA Quality immediately prior to shipping when any non-conforming material or condition is discovered. This includes any discovery of any non-conformance produced by another supplier. Non-conformances reported by a supplier but produced elsewhere will not affect the reporting supplier's scorecard.

17. SUPPLIER MATERIAL REJECTION / 8D ISSUING

AlphaUSA can issue 8Ds to suppliers found responsible when a non-conformance is discovered at either an AlphaUSA facility or an AlphaUSA customer. Suppliers will be expected to provide AlphaUSA an 8D that supplies the root-cause and corrective-action. The initial 8D, which includes completion to the third discipline, must be received within 24 hours. The final 8D with verification of the corrective action must be supplied within ten business days of the initial contact from AlphaUSA. A plant visit from AlphaUSA and/or its customer may be required in order to verify the corrective action and close the 8D.

18. SUPPLIER RESPONSIBILITIES/CHARGEBACKS

Suppliers will be responsible for all costs associated with material that is found non-conforming whether discovered at an AlphaUSA facility or at a AlphaUSA customer. This includes, but is not limited to rework, logistics, AlphaUSA customer chargebacks, AlphaUSA sorting, third party sorting, and any other costs incurred by AlphaUSA resulting from the non-conformance. The supplier will be notified of any non-conformance as soon as the responsible party has been determined. Any chargebacks to the supplier will include proper documentation from AlphaUSA, which may include:

- Debit memo with a tracking number.
- Human resource hours.
- Third-party sorting fee.
- Rework charges.

19. CONTROLLED SHIPPING

Controlled shipping will be considered if recurring non-conformance are found and require a recovery plan. Suppliers will provide the level of certification necessary to fulfill the requirement supplied at the time of non-conformance.

- Controlled Shipping Level 1 (CS1): The supplier will contain all suspect material and certify that it is 100% defect or non-conformance free prior to shipping. AlphaUSA Quality will determine the number of shipments that will require this level of certification, which may depend on the supplier's ability to provide a root-cause and verified corrective action.
- Controlled Shipping Level 2 (CS2): Should the supplier fail to contain the non-conforming material or fail to properly implement the corrective action and incurring an additional non-conformance for the same concern, CS2 will be implemented. The magnitude of this controlled shipping level will be determined by AlphaUSA Quality and may include, but is not limited to a third party sort, additional certified lots, or paid sorting supervision by a AlphaUSA designee.



Purchasing Agreement & Supplier Quality Assurance Manual

20. SUPPLIER ASSESSMENT

Each calendar year, suppliers are evaluated to show compliance with the AlphaUSA's quality goals. Key supplier performance shall be monitored through the following indicators:

- Delivered product conformity to requirements (Internal Quality Concerns).
- Customer disruptions including product returns (External Quality Concerns).
- Delivery schedule performance (Late Shipments).

Supplier shall monitor the performance of their manufacturing processes.

21. SUPPLIER SELF-ASSESSMENT

AlphaUSA requires the supplier to perform a self-assessment using the "Supplier MAQMSR Checklist" upon request (Minimum once every 3 years). The schedule for the self-assessment will be issued during the first quarter of the calendar year. The results of the assessment will be calculated and any action required will be determined according to the following summary chart:

Supplier Rank	Score	Action Required
A	80-100	No C/A and/or improvement plan required. If YELLOW elements, they will be directly audited the next period. If red elements, C/A required.
B	50-79	YELLOW and/or RED elements require C/A.
C	0-49	Supplier shall submit an overall Improvement Plan.

22. SCORECARD SYSTEM / SUPPLIER PERFORMANCE EVALUATION

Suppliers will receive a monthly scorecard from the AlphaUSA Quality Department. The only exceptions for performance evaluation are as follows:

- Suppliers that provide calibration services will only be required with the corresponding certification up to date.

The Supplier Scorecard System is used to evaluate overall supplier performance. Each supplier's overall score represents the sum of both quality and delivery performance. The quality performance is the amount of 8Ds issued per month and the delivery performance is estimated as the % of on-time deliveries. The following table describes the two metrics and their overall score equivalences:

8Ds/month	Points	% On-Time Delivery	Points
0 - 8Ds issued	50	96 – 100	50
1 - 8D issued	40	91 – 95	40
2 - 8Ds issued	30	86 – 90	30
3 - 8Ds issued	20	81 – 85	20
>3 - 8Ds issued	10	0 – 80	10

The maximum score is 100 points and the lowest possible score is 20. Depending on the performance on a year-to-date basis, the status may escalate and require action on the part of AlphaUSA.



Purchasing Agreement & Supplier Quality Assurance Manual

Rating	Supplier Score	Action
A	76 - 100	No action required.
B	51 - 75	Corrective Action (C/A) is required.
C	26 - 50	Improvement Plan with verification audit is required.
D	0 - 25	Contract Review / Business Hold.

23. AUDITS

AlphaUSA will conduct onsite audits as required, based on Risk Assessments outlined below.

Suppliers are responsible for completing the Supplier MAQMSR Checklist, that will be filled with the Suppliers Accreditation information, and will be used during required onsite audits.

Supplier Rank	Score	Action Required
A	80-100	No C/A and/or improvement plan required. If YELLOW elements, they will be directly audited the next period. If red elements, C/A required.
B	50-79	YELLOW and/or RED elements require C/A.
C	0-49	Supplier shall submit an overall Improvement Plan.

Additional supplier quality audits will take place as determined by the AlphaUSA Quality and Materials Management Department. All audits will include the scope of the ISO 9001 / IATF 16949 MAQMSR audit.

Priority Rank

1. Suppliers with quality concerns
2. Suppliers with delivery concerns.
3. Without any certification (small designated suppliers).
4. New suppliers.
5. Already certified in ISO9001 but not in IATF.*
6. IATF certified.*

Risk assessment will be conducted on a Quaterly Basis to review Supplier Performance in Quality and Delivery, which may lead to Supplier On-Site audits based on the below Risk Criteria.

4 out of 6 months Quality or Delivery score at <50
4 Consecutive months of Quality or Delivery score at <40
3 Consecutive months of Quality or Delivery score at <30

These reviews will take place with the Quality Manager, and Materials Manager to review all Suppliers Monthly Performance, and Modify Auditing Schedule as necessary.

- The audit Schedule will be forwarded to the Supplier if an On-Site Audit is required, Supplier will be notified a minimum of 2-weeks in advance.

24. CONTINUOUS IMPROVEMENT

In conjunction with the requirement of ISO 9001, all suppliers will be expected to provide examples of continuous improvement upon request.



Purchasing Agreement & Supplier Quality Assurance Manual

25. CONTINGENCY PLAN AND RISK ASSESSMENT

All suppliers must have a contingency plan for events that may cause a delay in production resulting in missed shipments to AlphaUSA. Contingency plan must include at the very minimum:

- Key equipment failure;
- Transportation;
- Packaging;
- EDI communication/transmission;
- Natural disasters;
- Phone/E-mail communication interruption;
- Sub-supplier shutdown.

All suppliers must incorporate risk assessment practices within their product development, mass production and strategic planning processes.

26. EDI

AlphaUSA promotes the use of Electronic Data Interchange (EDI) within its supply chain; nevertheless, all suppliers that provide AlphaUSA with purchased parts / components are subject to EDI via web due to OEM specific requirements, the preferred software is the AlphaUSA PLEX website.

In case a supplier is not capable to setup EDI communication, a traditional EDI system is expected to be in place.

27. HOUSEKEEPING

AlphaUSA practices the 5S methodology and expects all suppliers to do the same.

28. SUPPLIED DUNNAGE

AlphaUSA utilizes several types of containers depending on the manufacturing process. All skids, pallets, cardboard, and returnable dunnage should be used exclusively for AlphaUSA product. If proper containers are not adequately provided or if any concerns regarding the condition of provided containers arise, AlphaUSA Quality should be contacted. Suppliers should make certain that all containers are in good condition, properly tagged, clean, and free of oil.