

# SUPPLIER QUALITY MANUAL



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U.S.A. | MEXICO | CZECH REPUBLIC | CHINA | BRAZIL

## **Hope Global to the “Supply Chain”**

Founded in 1883 as Hope Webbing Company in Pawtucket, RI, USA, **Hope Global** has become a worldwide manufacturer employing more than 1750 team members. Building our reputation on high-quality products and components and innovative manufacturing solutions, we recognized early on that agility was key to our success – and that of our customers.

The foundation of a good relationship with our suppliers is premised upon open, effective and proactive communication. The intent of this is to eliminate surprises and special cause events that can impact Hope Global. The occurrence of nonconforming product, unauthorized changes or capability issues, present risk for both Hope Global and our Customers when they are not communicated and managed effectively. The following are the principles of Hope Global to meet or exceed our customer’s expectations:

- Safety
- 100% On-time Delivery
- Zero-Defects
- Continuous Improvement

The expectation and ultimate agreement is that you and your entire supply base will manage to these principles too.

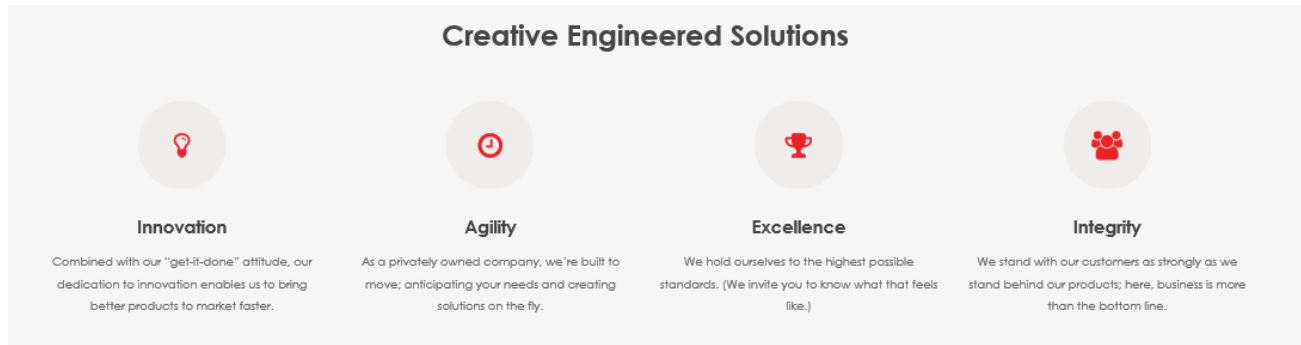
This “Supply Quality Manual” specifies the Minimum Quality Requirements for all Suppliers of Hope Global worldwide operations. This manual is not intended to replace individual agreements or specifications, but is to be the minimum requirement upon which other requirements and expectations are built. As a supplier for Hope Global your commitment to meet all the requirements and expectations is vital to the continued growth and partnership success for our mutually beneficial relationship.

A copy of this manual, and Hope Global’s terms and conditions are located at [www.hopeglobal.com](http://www.hopeglobal.com). Acceptance of this manual is required to be an approved supplier to Hope Global. It is the responsibility of suppliers to understand and utilize this manual. Any questions concerning the content of this manual should be directed to Hope Global’s Supply Chain Dept. and/or Supplier Quality Engineer (SQE).



Cheryl Merchant  
President and CEO

## Hope Global Mission



**We strive to provide our customer with innovative, highly engineered textile products and solutions that exceed customer expectations and drive our pursuit of excellence.**

When customers ask us "What if?", we have a two-word answer: "We can." As an innovative, creative solution provider and manufacturer, many customers come to us with a new idea, new product, new manufacturing process, or a problem and are in search of a solution. Our team of creative problem solvers provides functional, real world solutions to our customers and potential customers' needs.

## Hope Global Vision



**We seek to be the premier supplier of choice by our customers for the manufacturing and supply of value added products and solutions.**

## Hope Global Core Values

**Customer Satisfaction** - Creating products that continually meets and exceeds customer expectations.

**Integrity** – Being open, honest, and trustworthy with our shareholders, customers, employees, and community.

**Innovation** - State-of-the-art technology and engineering that consistently provide our customers with best in class solutions.

**Employee Engagement** - To continually foster the development and growth of our employees with leadership, integrity, relationships and results.

**Environmental Stewardship** - Minimize the impact to the environment through continuous improvement and E14001 certification.

**Sustainability** - Sustainable financial results that enable profitable growth and superior shareholder value.

## Quality and Environment

### **Our Commitment to Quality**

Hope Global adheres to the principles of total quality as a fundamental part of its business strategy. It is one thing to have policies and certifications pertaining to quality. It is another thing to live by them.

Our brand of quality also includes cost efficiency, expediency to market, and helping our customers drive revenue.

**Our objective: to be the industry leader in customer satisfaction.**

**Environment Responsibility**

Hope Global is committed to establishing and maintaining the most rigorous environmental practices worldwide by means of technological innovation and process efficiencies. Furthermore, we pledge to continuously improve our processes and strengthen every step we take in this regard, minimizing our impact on our environment by:

- Making Environmental Management one of our highest corporate priorities.
- Educating, training and motivating team members to conduct their activities in an environmentally responsible manner.
- Developing and providing products that are safe in their intended use, efficient in their consumption of energy and natural resources, and can be recycled, reused or disposed of safely.



**Purchasing in Hope Global**

**Purchasing Policy**

Motivation and active involvement of Hope Global’s employees in the purchasing function and maximization of their skills to achieve excellent performance standards.	Performance of supplier selection based on objective criteria which measure quality, service, responsiveness and CSR criteria.	Contribution to suppliers’ process development.
Working internally and externally, to create an awareness of the importance of improving companies’ environmental record and complying with health and safety regulations and labor rights.	Development of long-term collaboration and innovation agreements with suppliers.	Alignment of the Purchasing Dept.’s strategy and efforts around the delivery of established targets.
Objective, transparent, fair and unbiased, interactions and relations with all suppliers and partners.	Search for mutual understanding and value-added benefits in supplier relations.	Implementation of procedures and controls designed to guarantee objective and fair adjudications.

**What do we purchase?**

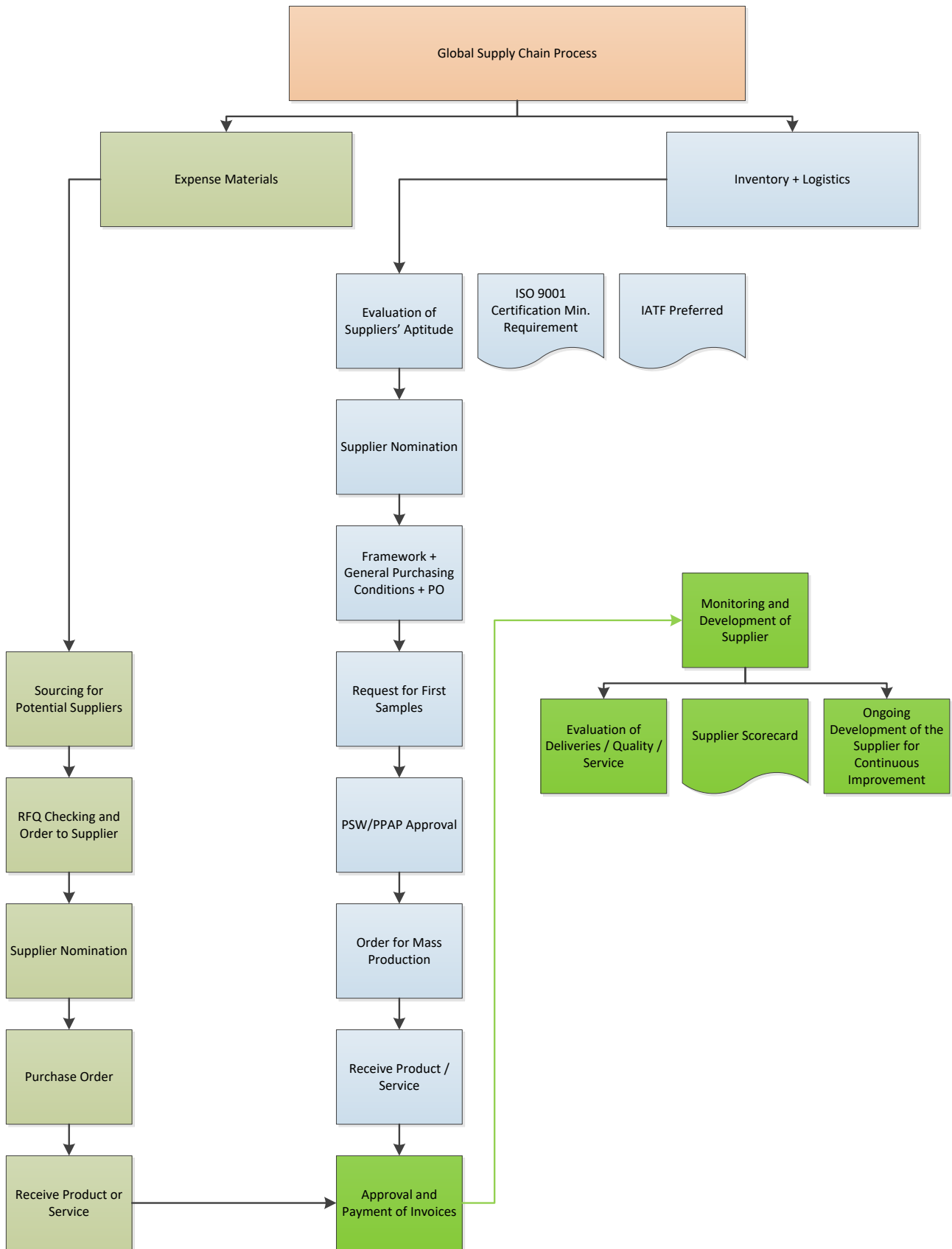
Inventory Purchase		
Fabrics	Lamination Services	Yarns
Leathers	Threads	Steel Rod
Plastic Substrates	Vinyl’s	Liquid Latex
Foams	Plastic Resins	Corrugated Packaging Material

Expense Purchase		
MRO	Waste Processing	Machinery
Office Supplies	Sanitary	Tooling & Equipment
Gas & Electricity	Uniforms	Hardware
Logistic Services	Cutting Tools	Software

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# 1. Hope Global's Global Supply Chain Process



## 2. Supplier Selection

Suppliers are required to complete a “Supplier Profile” form which will be provided by Hope Global’s Supply Chain Dept. The profile will list all necessary contact information and other relevant company information. Supplier Profiles should be updated annually, or more often as changes occur.

New suppliers may be required to complete a Supplier Risk Assessment and/or On-site Audit before being admitted to the supplier portfolio. In any case, Hope Global selects, maintains or removes suppliers from its supplier’s panel worldwide, on the basis of objective criteria, taking into account the following:

### Corporate Social Responsibility

At Hope Global, we subscribe to a philosophy of corporate stewardship based simply on gratitude. Grateful for our success and indebted to those who make it possible, we take our social responsibility seriously in a widening number of spheres; for our communities, our team members and our environment. We call it “acting globally.”

Each year, Hope Global supports a wide range of charitable and social causes in the communities where our team members live and work throughout the world. We are dedicated to working with organizations that share this common goal, to make a positive impact. Through our donations, sponsorships and volunteer efforts, we provide significant support to local communities in various areas.



### Global Working Conditions

Recognizing that our supply chain spans many different regions around the globe, Hope Global is committed to maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations, as well as those of our supply chain. It is therefore Hope Global’s expectation that our suppliers will have appropriate policies, procedures and systems in place, to support the following standards:

- Child labor shall not be utilized. Underage labor, as defined by local labor law, will not be utilized unless it is part of a government approved training or apprenticeship program that clearly benefits the participants.
- Any form of forced or compulsory labor is prohibited.
- Workers, without fear of reprisal, intimidation or harassment should be able to communicate openly with management regarding working conditions. They shall also have the right to associate freely and join labor unions and workers’ councils in accordance with local laws.
- Workers shall be protected against any form of harassment and discrimination in any form, including but not limited to gender, sex, age, religion, disability and political beliefs.
- Workers shall have a safe and healthy workplace that meets or exceeds all applicable standards for occupational health and safety.
- Workers shall be compensated with wages and benefits that are competitive and comply with local law, including minimum wages, overtime hours and legally mandated benefits.
- Working hours shall comply with all applicable local laws regulating hours of work.

It is our expectation that all our suppliers will maintain these global working conditions in all their operations, while also promoting adoption of these principles with their own supply base.



## Confidentiality

All information, regardless of the level, form and nature thereof, received by the supplier from Hope Global, must be confidential and hence the supplier is strictly and irrevocably obligated:



- Not to reveal or transmit in any way information to third parties.
- To return to Hope Global at the end of the provision services, all documentation written, or graphic form stored on computer media furnished to the supplier.
- Not to use the information if any other purpose other than the performance or execution of the services required by Hope Global.
- To adopt in its business organization at all levels, the appropriate measures to ensure compliance with all that has been indicated, accepting mutual responsibility in the event of breach of the confidentiality agreement by its staff, shareholders and administrators.

Hope Global reserves the right to require a specific confidentiality document to ensure that the information received is not used by the latter in relations with other parties.

## Regulations, Documentation and Safety

Suppliers shall put in place processes to guarantee compliance with government restrictions and safety regarding substances with restricted or prohibited use, including purchased products or those relative to the production process.

It is the supplier's responsibility to ensure that all regulatory documentation, (Material Safety Data Sheets (MSDS), International Material Data System (IMDS), etc.) is provided to Hope Global as required, it is also supplier's responsibility to ensure these requirements are communicated (cascaded down) to the whole supply chain (sub suppliers).

All products and services supplied must meet the applicable requirements regarding regulations, documentation and safety.

**Control of Quality Records** - Suppliers should adhere to the minimum record retention times specified by the IATF16949 manual for all Hope Global product. Hope Global may require extended retention times.

**Contract Review** - Suppliers must maintain records of contracts in accordance with the requirements of the Quality System Requirements manual or written Hope Global agreements.

**Design Control** - All designs for tooling used to produce product for Hope Global must be shared with Hope Global, upon request by Hope Global.

**Document and Data Control** - All Hope Global prints, specifications and manuals received from Hope Global are Hope Global's property and must be returned to Hope Global, upon request. When Hope Global issues revised prints, specifications or manuals, the obsolete copies must be marked obsolete, destroyed, or returned to the proper Hope Global SQE.

## Conflict Minerals



Companies, governments and civil society organizations are paying increased attention to certain "Conflict Minerals" and their derivatives, including tin, tantalum, tungsten and gold, sourced from "Covered Countries".

The extraction and trade in these "Conflict Materials" contribute financially to violence. Hope Global suppliers must fulfil the regulations about the use of these conflict minerals sourced in the "Covered Countries".

### **International Material Data System (IMDS)**

To ensure compliance with the various legal and customer requirements, Hope Global requires its suppliers to report material and substance information for all types of purchased materials, components or items supplied to Hope Global. All substances and/or materials shall be reported to Hope Global using IMDS.

Suppliers shall submit the required IMDS, if required, to Hope Global as soon as possible upon award of new business, but prior to the PPAP submission. The supplier IMDS information shall be subject to review and approval by Hope Global. Once approved by Hope Global, the supplier of the material or component shall indicate such approval in the PPAP documentation supplied to Hope Global regardless of submission level requested.

### **Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)**

The European Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) entered into force in June 2007.

Suppliers shall comply with all applicable REACH requirements that affect the products that they supply to Hope Global. Hope Global expects that suppliers have a dialogue with their own supply chain and with Hope Global regarding all applicable aspects of REACH.

### **Material Safety Data Sheets (MSDS)**



In accordance with the United Nation's Globally Harmonized System (GHS) of Classification and Labeling of Chemicals and the European Classification, Labeling & Packaging (CLP) regulation, each supplier shall provide a MSDS for each component supplied to Hope Global plant, whether in a single component form or part of an assembly (sub-assembly).

GHS is an international approach to hazard communication, providing agreed criteria for classification of chemical hazards, and a standardized approach to label elements and safety data sheets.

All information related to hazardous materials and the fulfillment of all governmental and safety requirements must be provided by the suppliers. Suppliers will be required to submit MSDS for all identified items.

Any material or substance that is prohibited, shall not be used and must not be supplied to Hope Global. Any deviation will result in the immediate suspension of supply, and the supplier shall be responsible for any costs incurred as a result of non-compliance.

### **Certification of Conformance (CoC)**

If required, certificate of conformance (CoC) from raw material suppliers may be used to guarantee the absence of prohibited materials as long as an analysis is made of the entire manufacturing process to ensure that all possible areas of material introduction are included. It is highly recommended that final product be subject to a chemical analysis to verify the absence of any prohibited materials.

## Financial Solvency

A financial analysis may be performed using COFACE. Suppliers to Hope Global should be financially sound, and a financial analysis can be conducted before developing a relationship.

The aim of a solvency regime is to ensure the financial soundness of suppliers, and to ensure that they can supply according to the established requirements and needs, to guaranty, at the same time, Hope Global's "Groups of Interest" expectations and to anticipate any adverse events and better handle such situations.

## Quality, Environment & Service, Final Customer Requirements

All suppliers of Non-Automotive related material are encouraged to be ISO 9001 certified and have a current certificate available that demonstrates compliance. In Lieu of that certification, a quality system must be fully implemented to assure Hope Global quality requirements. Suppliers should develop and implement a documented system to control processes and ensure quality.

All suppliers of Automotive related material are encouraged to be IATF16949 certified and have a current certificate available that demonstrates compliance. Those suppliers who do not have IATF certification, should at a minimum have ISO 9001 certifications with the ultimate objective of becoming certified to IATF16949. Those suppliers who are only ISO, or neither ISO or IATF must have a quality system in place that can pass a secondary audit by Hope Global.

Any Customer Specific Requirements shall be conveyed to the supplier at the beginning of the program with the Purchase Order. This manual, in conjunction with the Purchase Order and the component-approved drawings and/or specifications, will serve as the minimum requirements to which suppliers must adhere. Written authorization from Hope Global is required prior to any deviation to these requirements.

Hope Global reserves the right to audit the supplier's products and processes, if needed, according to its own procedures and audit systems or that of its clients.

Suppliers must allow for secondary audits by Hope Global representatives for any of the following reasons:

- Supplier is being considered for new or additional business.
- Supplier scored low on the quarterly supplier evaluation.
- Supplier failed to correct quality problems.
- Supplier failed to submit acceptable PPAPs or corrective action reports.
- When the quality of supplied product doesn't meet the PPAP/Drawing requirements and/or shows evidence of deterioration.
- To assist suppliers in improving performance, if deemed necessary.

Nevertheless, Hope Global expects that all suppliers for productive materials or process, raw material, components, subcontracts, and, if applicable, transport and tool, are certified according to the standards IATF 16949 and ISO 14000. Any supplier, who is designated by Hope Global as a "small supplier", will be evaluated by an audit team based on the process approach IATF 16949. The supplier shall provide the Action Plans arising from such audit. (See below notes 1, 2, 3 & 4).

Note 1: Supplier Development of Specially Designated "Small Suppliers". When a supplier to an organization is so small as to not have adequate resources to develop a system according to IATF 16949 or ISO 9001, certain specified elements may be waived by the organization of their supplier. The organization shall have decision criteria for determining "specially designated small suppliers". Such decision criteria will be in writing, and applied consistently in the application of this provision.

Note 2: New Suppliers who have not completed a qualification process may be awarded business in the event that they are a directed supplier by a Hope Global Customer with the conditions that:

- A Supplier Risk Assessment or On-site Audit would still be conducted to review the supplier based on some or all of the assessment criteria above, and;

- If a directed supplier is not approved by Hope Global’s Supply Chain, a letter from the customer is obtained for Hope Global’s records stating and acknowledging that they are aware of issues from evaluation.

Note 3: ISO9001 and IATF 16949 contain fundamental quality management system requirements of value to any size of provider of production, service parts and materials. There are many methods to implement a compliant system, so it is recognized that a simpler Quality Management System approach could be used for the smaller suppliers of organizations to which IATF 16949 clauses applies.

Note 4: “Small” may also refer to volume supplied to automotive.

**Total Cost**



The expectation of Hope Global in this area is to establish a narrow relationship with its providers, since the start of development process until the EOP of the product or service, to obtain the competitiveness levels required by the market. Establishing long term relationships is possible when the supplier and purchaser jointly decide to reduce the Total Cost of an item, process or service of the “Supply Chain”, maintaining a profitable situation for both parties.

**C-TPAT (Customs Trade Partnership Against Terrorism)**

Hope Global is certified under C-TPAT program. C-TPAT is a voluntary public-private sector partnership program for suppliers to focus on maintaining a secure supply chain, identify security gaps and implement specific security measures and best practices, based on risk, while addressing a broad range of security topics and present security profiles that list action plans to align security throughout the supply chain. C-TPAT seeks to safeguard the trade industry from terrorists, maintain the economic health of the U.S. and its neighbors. C-TPAT certification should be updated annually. Further information can be found at [www.cbp.gov](http://www.cbp.gov) and <https://ctpat.cbp.dhs.gov/trade-web/index>.

All Hope Global partners are strongly encouraged to become members of C-TPAT or a credible security program that meet the minimum requirements to comply with the security measures outlined in C-TPAT. A credible security program that Hope Global recommends is AEO (Authorized Economic Operator) / BASC (Business Alliance for Secure Commerce).

**3. Purchasing General Conditions & Supplier Agreements**

All the purchase operations managed by Hope Global are governed according to the applicable “Hope Global’s Purchasing Terms & Conditions”. No other special conditions will have superior range.

If Hope Global deems it necessary, a “Supplier Agreement” could be signed between both parts for one single product or service. This agreement may until include the following:

- |                                |   |
|--------------------------------|---|
| • Price and service objectives | • Materials                             |
| • Equipment                    | • Conformity with regulations           |
| • Approvals terms              | • Confidentiality                       |
| • Delivery costs               | • Ownership of tools and goods          |
| • Labelling and packaging      | • Subrogation, exclusivity, competition |
| • Payment terms                | • Duration and termination              |
| • Security stocks              | • Special provisions                    |
| • Civil liability              | • Guaranty term                         |
| • Purchasing orders            |   |

## 4. Quality Planning/APQP

### Pre-Production and Prototype Parts

Hope Global may request material prior to formal approval for evaluation purposes to support design verification, planning and reporting. Hope Global defines pre-production or prototype parts as those that are manufactured on a process other than the final PPAP approved process.

All pre-production or prototype parts shipped to Hope Global shall be identified with a label on the outside of each carton marked as "Sample Parts". Note that this requirement does not apply to items which have interim approval.

Matching bar code labels and "Sample Parts" labels shall be on adjoining sides of each carton. **ORANGE** color is preferred.

### Production Part Approval Process (PPAP)

Suppliers shall submit a PPAP package in accordance with the AIAG Production Part Approval Process manual, when required by Hope Global. The assigned Hope Global SQE will define the Level of PPAP. The total PPAP package and related documents (IMDS, material certifications, test reports, etc.) must either be submitted in English or be accompanied by complete and accurate translations. It is the supplier's responsibility to ensure that all "due dates" for PPAP submissions are met.

The PPAP shall be labeled stating, "PPAP Enclosed – Please forward to the Quality Dept."

The label shall include the following:

- Part Number
- Purchase Order Number, if requested.
- Date of Submission

In preparation for the PPAP submission, the supplier must develop the following process control tools in accordance with the AIAG manuals and should be used to control and improve the process:

- Process Flow Chart of the process used to produce product
- Process FMEA
- Control Plan

The PPAP submission should include 6 parts and a full dimensional report for each part. Each part must be marked or tagged to correlate with the dimensional report. Any change on quantities need to be approved by the assigned Hope Global SQE. Note that 6 parts will be sent to Hope Global with the PPAP package, however, 1 part will be retained by the supplier as a master.

A "part" is the unit ordered by the customer/invoiced by the supplier. It can be:

- A separate part or assembly
- A collection of parts (e.g. seat or door panel collection)
- Liquid products: liter, gallon, pounds, etc.
- Sheet and coil material: sheet or unit weight (kilogram, pounds, ton, etc.)
- Roll deliveries: linear meter, m<sup>2</sup>, etc.
- Powder products: kilogram, pounds, ton, etc.
- Fasteners (Pins, Bolts, Nuts, etc.): packaging unit

Hope Global No saleable material/Samples ID		
HG Requestor Name/email	_____	
Hope Global part number	_____	Supplier Part number _____
Hope Global PO number	_____	
Project / Platform name	_____	
Comments	_____ _____ _____	
Release date	24.5.13	Rev A REING13 date24.5.13

- 1.- Orange Label
- 2.- 4" Tall X 6" Long overall size of the label
- 3.- Must be at all sides of the package

No PPAP that deviates from the established requirements shall be submitted without an approved Supplier Request for Deviation. The supplier shall obtain and return a Deviation form with the assigned Hope Global SQE for approval. After approval, the Deviation form will be returned to the supplier to be included in the PPAP submission.

Material shipped under an approved deviation must be identified by the supplier. The label shall include the deviation # and deviation expiration date. Supplier must attach a distinctive label to each shipment until expiration of the deviation status or full PPAP approval is received. **RED** color is preferred.

Labs used for testing for PPAP submission must be certified as follows:

- If the supplier utilizes its own internal lab for testing, the supplier must be compliant with ISO/IEC 17025. The testing performed must be covered under the lab scope.
- If the supplier utilizes a 3rd party lab, the lab must be ISO/IEC 17025 certified, or equivalent. The testing performed by the lab must be covered under the lab's scope of accreditation.
- If there are other specific requirements for the testing facility, Hope Global will inform the supplier.

All certification testing must have been completed within one calendar year of the PPAP submission and include a copy of the required results, detailed test data and a statement of compliance. The person who performed the test or inspection must sign and date all reports.

After the samples are submitted, any of the following may occur:

1. **Rejected:** Delivery of parts is NOT permitted until new samples are submitted. A new submission of the total or partial PPAP package will be required if the original submission is rejected. Hope Global must submit a full explanation with the reason of the rejection and the new requirements.
2. **Fully Approved:** Supplier can begin to deliver the parts to Hope Global.
3. **Interim Approval:** A PPAP warrant that is marked "Interim Approval" will be sent to the supplier along with an explanation of what is required to gain "Full Approval" and the date that the "Interim Approval" expires. On the date that the "Interim Approval" expires, the status of the PPAP reverts to "Rejected", unless an extension has been granted or the warrant has been signed granting full approval.

After PPAP approval, an annual re-validation for the product could be required from the supplier.

Prior to implementing any process or material changes, a new PPAP must be submitted and approved by Hope Global. Suppliers shall maintain records of all process changes and the effective dates.

### Key Characteristics

If key characteristics (control dimensions) are identified on the print, Hope Global requires that the supplier to monitor the process capability on an on-going basis and may require submission of SPC data.

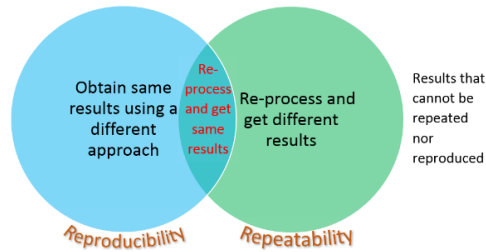
Capability studies require a check of 100 pieces taken from a 300-piece run or as defined by the assigned Hope Global SQE. The process shall achieve a CPK of 1.67 or higher. Each key characteristic must be identified in the Control Plan. For all control dimensions, SPC data showing capability must be submitted with the PPAP submission.

For suppliers manufacturing parts designated by the customer as "Appearance Items", the following requirements must be met:

- Appropriate lighting for evaluation areas. (Hope Global may specify the lighting requirements for inspection of product.)
- Masters for color, grain, gloss, metallic, brilliance, texture, distinctness of image (DOI) as appropriate.
- All masters must be approved and dated by either Hope Global or Hope Global's customer.

Boundary samples exhibiting the maximum allowable defect, (max limit samples) may be provided by Hope Global. In addition, the supplier may initiate boundary samples. All boundary samples must be approved and dated by Hope Global.

**Control Tools and Measurement System Analysis**



Repeatability and reproducibility is a statistical tool that measures the amount of variation in the measurement system arising from the measurement device and the people taking the measurement.

The supplier must conduct studies of repeatability and reproducibility to all gauges and measuring instruments used in the measurement of critical and/or significant features, identified in the Control Plan.

The supplier must conduct such studies periodically or when any change is introduced in the measurement system, operator, inspection gauge, or inspection method. Gauge R&R studies for all gauges used to collect SPC data must be submitted with the PPAP submission.

**Product Identification and Traceability**

Suppliers shall ensure that all products are identified according to print and /or purchase order specifications. Unless otherwise specified by Hope Global, suppliers shall utilize an effective system, such as unique lot numbers and date stamps, to maintain lot traceability to raw material. Hope Global reserves the right to check and evaluate the performance, for the established system and ask for changes and/or improvements.

Material received by Hope Global must have the outside of each carton marked with two 4" x 6" barcode labels with the following information:

- Hope Global Part number
- Part name
- Quantity
- Hope Global Purchase Order number
- Date of manufacture
- Lot number
- Vendor number
- Supplier’s name/address

Any failure to properly label may cause a rejection of the material with the proper charge back to re-label the material or disposition of it.

Block Name	Block Dimension s (mm)	Human Readable Characters	Bar Code	Technical Notes
Hope Global Part Number [(P) PART #:]	28x152	10 mm high Regular Width	10 mm high Line x-Dim=17.5 mil "P" data identifier	Note the difference between the number zero and the letter "O" in Hope Global’s part numbers. Use full part numbers, not use partial. For further clarification, contact your Hope Global’s procurement representative.
Quantity [(Q) QTY #:]	26.5x73	10 mm high Regular Width	10 mm high Line x-Dim=15.0 mil "Q" data identifier	

Part Name [PART NAME:]	26.5x79	5 mm high Regular Width	None	Part Name / Description
Vendor Number [(V) VENDOR #:]	21.5x73	5 mm high Regular Width	10 mm high Line x-Dim=15.0 mil "V" data identifier	Vendor ID is generated by our system. It appears on the headers of the PO.
<b>Hope Global</b> Purchase Order Number [(K) P.O. #:]	21.5x79	5 mm high Regular Width	10 mm high Line x-Dim=15.0 mil "K" data identifier	
Lot Number [(L) LOT #:]	26x105	5 mm high Regular Width	10 mm high Line x-Dim=15.0 mil "L" data identifier	
Manufacture Date [MFG DATE]	26x47	5 mm high Regular Width	None	
Supplier Name	None	3 mm high Regular Width	None	
Address	None	Optional 3 mm high Regular Width	None	

- Use Code39 Font.
- As referenced in the chart above, each code must start with identifier letter: (P) for part, (K) for PO, (Q) for Qty etc.
- Print quality should be clear enough to scan. Please review this periodically.

(P) PART #: <b>123456789012</b> 	
(Q) QTY.: <b>12345678</b> 	PART NAME: <b>PART ABCD</b>
(V)VENDOR: <b>12345678</b> 	(K) P.O. #: <b>12345678</b> 
(L) LOT #: <b>1234567890123</b>  NAME OF SUPPLIER, ADDRESS	MFG DATE: <b>12345678</b>

*\* Not to scale*

## 5. Control for Customer Owned Tools & Goods

Hope Global owned tools and equipment shall be permanently marked so that the ownership of each item is visually apparent, may not be used for any other customer without prior written approval from Hope Global, and protected from damage and deterioration during transpiration and storage.



## 6. Handling, Storage, Packaging, Preservation, and Delivery

Supplier shall develop procedures to handle, store, package, and ship material in a manner to ensure that it meets all functional and appearance specifications upon arrival at Hope Global.

### Handling and Storage

Suppliers shall store and maintain all products supplied to Hope Global, in a manner that will prevent damage or loss. Any supplied product that is damaged, lost, or otherwise unusable must be documented and reported to Hope Global.

### Packaging and Preservation

Material may be rejected at Hope Global Incoming Inspection due to damaged or incorrect packaging if the packaging is not adequate to protect the material during handling and storage at Hope Global. Whenever is possible the material supplied to Hope Global must be on pallets that can be moved with standard warehouse equipment.

All package labels must be positioned in a manner that allows the package labels to be read without rearranging the material on the skid. When a shipment contains several cartons of the same part, cartons may be placed in the center of the skid, thus hiding the labels. All material supplied to Hope Global must be packaged, labeled, and shipped in accordance with the guidelines set forth in this manual and/or the purchase order.

### Delivery

When the total quantity of material specified on the release is not received at Hope Global within the week specified on the release or a quantity less than the amount specified is received, the supplier will receive a notification.

- Supplier shall document the reason for the delivery error and the corrective action and return it to the Hope Global Buyer, as requested.
- Supplier shall respond on or before the response due date as given by the Buyer, and 8D form can be used.
- Supplier's performance rating for the current period will be negatively impacted by each occurrence.
- Supplier's performance will also be negatively impacted by failure to respond on or before the response due date, as submitted by the Buyer.
- All Restricted, Toxic and Hazardous Materials shipments must include a blanket warrant or certificate that products comply with governmental and safety regulations with regards to packaging, labeling, storage, handling and First Aid Instruction.

Suppliers must have on file documentation which certifies that the raw materials used in the production of Hope Global products meets the print specifications.

### Handling and Storage of Reusable Packaging

Hope Global owned reusable packaging must be handled and stored in a manner that will prevent damage or loss. Prior to each use, suppliers must inspect and clean all reusable packaging to ensure that the packaging will protect product during storage and shipment. Hope Global owned reusable packaging must be permanently marked so that ownership is visually apparent. Suppliers must maintain an accurate inventory of all Hope Global owned packaging.

## 7. Schedule Performance

### Purchasing Orders

Hope Global shall send to the supplier a purchase order indicating, but not limited to product description, part number, need by date, engineering level, quantity, unit price, supply conditions, quality requirements, and delivery documentation.

Supplier must confirm acceptance of the purchase order within 48 hours. Otherwise, purchase order sent by Hope Global shall be deemed accepted.

If Hope Global is forced to halt its production lines due to a supply failure, then the supplier shall be held liable for the costs incurred both by Hope Global and by others.

In the event of the interruption of activity due to force majeure, this schedule shall be cancelled until activity is restarted.



### **Contingency Plan/Supplier Risk Management**

Supplier must prepare contingency plans to meet the requirements of Hope Global in the event of interruption in production and delivery of parts. The supplier must notify Hope Global within a period not exceeding 12 hours. The nature of the problem must be communicated, and immediate action must be taken to ensure the supply of product.

Production interruptions could include, but not limited to, natural disasters, political instability, war, capacity issues, quality problems, labor strikes, planned production stoppages and other events that prevent the provider from meeting the required volumes or comply with any APQP event within launch.

### **Quality Incoming Inspection**



Reliability is another key consideration for Hope Global suppliers. Reliable suppliers deliver the right goods or services on time and according to the specifications agreed in the order or in the contract.

In order to assure the quality of purchased product, Hope Global will perform one or more of the following incoming inspection activities:

- Receipt of and evaluation of statistical data (verification of supplier quality/test data against Hope Global Standards)
- Receiving inspection and/or testing performed on a sampling basis
- Evaluation of Certificates of Analysis against defined and documented specifications
- Material/Part evaluation by a designated laboratory to confirm data provided by the supplier and ensure conformity to product requirements
- Or any other inspection methods agreed and approved by Hope Global's customers

Suppliers shall establish and maintain documented procedures for inspection and testing activities to ensure that the specified requirements for the product are met. The control plan may satisfy this requirement. Product shall not be moved to subsequent processes or shipped until all inspections and tests have been successfully completed and the results documented, unless positive recall procedures are utilized.

Where required, the quality plan (Control Plan) should include inspection of incoming product. All inspection and test records shall be maintained and available for review by Hope Global. Supplier's test and inspection laboratory should be operated and maintained in accordance with IATF16949 or ISO9001.

## 8. Quality Notifications

### Discrepant Material Report (DMR)

When defective material is detected at Hope Global, a “Discrepant Material Report”, will be issued to the supplier detailing the nature of the problem, the part number and quantity of parts involved.

A “Discrepant Material Report” will be issued by Hope Global to address the following conditions as applicable:

- **Quality:** Appearance, dimensional, finishing, contamination, metallurgical, etc.
- **Packaging:** Mislabeling, improper container, mixed parts in the packaging, poorly packed or stowed, etc.
- **Carriers:** Damaged by improper handling
- **Submission:** Over or under shipments (fulfillments under or above 100%), late deliveries, etc.
- **Transportation:** Failure to complete shipping instructions set by Hope Global

### Material Disposition

Upon notification that nonconforming product has been detected at Hope Global, supplier shall provide Hope Global with immediate options and disposition instructions of the nonconforming product.

When defective product is detected at Hope Global, supplier shall provide for sorting, rework, or replacement of parts to ensure that production needs are met.

The suspect or defective material could be the following disposition:

- a) Disposition for material must be received within three (3) working days. If disposition is not received within the three (3) day period, material will be scrapped and charged to supplier’s account. The DMR # will then be used as the Return Goods Authorization (RMA) #.
- b) Return the material to the supplier. Supplier is responsible for all transportation charges associated with returning nonconforming material.
- c) Discard the material in Hope Global plant and charge the costs incurred to the supplier. The supplier should send a Return Material Authorization # (RMA #) or a signature of acceptance from the DMR.
- d) Rework in Hope Global plant and/or 3<sup>rd</sup> party supplier plant, with the supplier’s staff or Hope Global’s own resources, if available.
  - Supplier is responsible for all costs and expenses associated with sorting and/or reworking nonconforming material produced created by any defect on the material supplied and Hope Global will recover these costs from the responsible supplier.
  - All rework and/or repair which is not part of the normal process (process approved as part of PPAP) must be authorized, in writing, by the assigned Hope Global SQE prior to shipment of product.
  - Hope Global may refuse to allow sorting and/or rework of nonconforming material.
  - All rework must be approved by Hope Global on an individual basis.

- All reworked material must be identified in a method approved by Hope Global.
- Supplier-Partner is responsible for the supervision of personnel performing sort and/or rework of nonconforming material at Hope Global.
- Suppliers shall contact Hope Global immediately if it is discovered that suspect product may have been shipped to Hope Global.
- If continuous quality issues or reoccurring 8D's force Hope Global to have to sort and or rework material, Hope Global may charge back such sorting charges to the supplier.

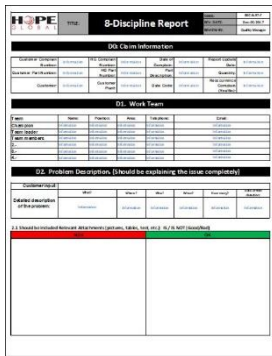
**8D Problem Solving Report**

Supplier shall document the reason for the nonconformance and the corrective action.

When a request for a corrective action report is received from Hope Global, a response detailing the short-term containment action(s), must be received by Hope Global within 24 hours after the DMR has been issued.

Supplier's performance rating for the current period will be negatively impacted by each DMR issued.

Supplier's performance rating will also be negatively impacted by failure to respond on or before the response due date.



When a request for a corrective action report is received from Hope Global, the response must be documented on an 8D form, Hope Global's form may be used and can be provided to the supplier.

Special attention must be given to identification of the root cause and action to prevent recurrence.

Unless otherwise stated, a complete response detailing the permanent corrective action is due within 14 days from the date of issue.

All responses must be reviewed and approved by Hope Global's Quality Manager.

If Hope Global's Quality Manager rejects a corrective action response, supplier will be required to respond with a different corrective action within 10 days from the rejection date.

**Cost Recovery Policy & Associated Costs**

At Hope Global's discretion, the below chargeback fees may apply if deemed necessary to prevent or avoid future quality problems. Suppliers are liable for all costs incurred by Hope Global when the cause is the supplier's responsibility.

Applicable chargebacks to external suppliers are outlined below:

ITEM	DETAILS	COST (US DOLLARS)
Creation of a Discrepant Material Report (DMR)	Administrative fee	\$450.00 per DMR issued
Storage charges for Nonconforming Material	Storage cost by day Square footage occupied Power & Telecommunication infrastructure Any additional costs associated	\$150.00 per day
Sort, Rework & Material Handling of Nonconforming Material at <b>Hope Global's Facilities</b> by 3rd Party Certified	Sort &/or Rework at Hope Global's facilities	\$60.00 per labor hour
	Material Handling Hope Global's facilities	\$60.00 per labor hour
3rd Party Certified by Hope Global to Sort & Rework at <b>Customer facilities</b>	Sort &/or Rework at Customer Facilities	\$100.00 per labor hour

3rd Party Certified by Hope Global to Sort & Rework at <b>Supplier's facilities</b>	Sort &/or Rework @ Supplier's	\$100.00 per labor hour
Overtime charges due to hours worked as a result of Nonconforming materials required to meet Customer Releases	Overtime due to Nonconforming materials	Actual cost (Double on Saturdays, Triple on Sundays and Holidays)
Any additional materials scrapped due to defective components received	Scrapped material associated due to Nonconforming materials	Actual cost including additional materials plus Freight incurred
Downtime at Hope Global's and/or Hope Global's Customer facilities due to a supplier material shortage	Charged by minute of downtime	Actual cost including customer-imposed fees
Premium Freight	Actual cost incurred to expedite material	Actual cost plus S&H fees
Costs Incurred at Hope Global's Customers due to a supplier issue	Additional costs incurred at Customer site	Customer Rates plus 20%
Additional cost (Traveling, supplies, etc.)	Additional ancillary costs forced on Hope Global due to Supplier issue(s)	Actual cost incurred
Supplier Quality Issue - Containment Action Implemented after 48 hrs.	Costs from containment actions	After 48 hrs.: \$150.00 per day for a maximum of 4 weeks, after which a CSII escalation will be implemented.
Late Permanent Corrective Action of a Supplier Quality issue	Updated cost	1-15 days late: \$150.00 \$250.00 per day thereafter Up to a maximum 6 weeks of delay at which time a CSII escalation notice will be issued.
Late PPAP submission	Late PPAP submitted	1-10 days late: \$450.00 \$100 per day thereafter Up to a maximum 6 weeks of delay after that a new business hold notification will be issued.
Shipping Material with no PPAP approval	Shipping material with neither an approved PPAP or approved deviation	\$5,000.00 plus applicable charges for return transportation or disposal
To perform any of the listed <b>process changes</b> without an <b>OFFICIAL NOTIFICATION</b> , approved by Hope Global's Supplier Quality Dept., such as: * Any layout change * Sub supplier changes or relocation update * Adding any mistake proofing device * Automate any manual operation * Tolerance(s) update to the product * Product material change(s)	The request must be emailed 90 days prior to the activity	\$5,000 and 10-point deduction to Supplier scorecard under the Quality category
To perform any of the below listed changes to the product without an approved <b>CHANGE NOTICE</b> from the Hope Global Engineering Dept. that impacts: * Form               * Durability * Fit                 * Cost * Function	The request must be emailed 90 days prior to the activity	\$5,000 and 10-point deduction to Supplier scorecard under the Quality category

**Deviation**

Deviations should only be used in the rare instance where there is data to show that the product is usable by Hope Global.

Suppliers shall request a deviation prior to shipping any product that does not meet all specified requirements, or that was produced outside the process approved by the PPAP.

Shipment is authorized after Hope Global completes an evaluation, approves, notifies and receives approval from customers of Hope Global. An approval signature from the assigned Hope Global SQE on the requested deviation authorizes the shipment.

Note: If the product supplied to Hope Global does not meet the agreed upon specifications provided at the beginning of the program or have an approved deviation, then charge backs may apply. If these charges do apply, Hope Global shall provide supporting documentation to show the material is not within specification.

## 9. Supplier Performance

Hope Global monitors the ongoing performance of its suppliers as a means of ensuring that the suppliers are consistently providing products and services that meet specified purchase order requirements.

The methods and criteria for monitoring include, but may not be limited to:

- Delivered product conformity to requirements.
- Customer complaints and/or disruptions including field returns from the end user.
- Delivery schedule performance (including incidents of premium freight).
- Special status customer notification related to quality or delivery issues.

Suppliers must, at a minimum, use the Supplier Performance Ratings as a method of measuring satisfaction. Hope Global will issue the Supplier Performance Ratings report each quarter beginning each January.

The Supplier's rating will be comprised of a score in the following areas:

- Quality 45%
- Delivery 30%
- Customer Support 25%

A formal Corrective Action Report may be required for an overall score of less than 90%.

## 10. Continuous Improvement

Hope Global's expectation is that the supplier set goals for continuous improvement and use appropriate data and information to continuously improve its indicators and achieve customer satisfaction. Therefore, the supplier should implement a philosophy of Lean Manufacturing in their processes, as part of its Quality Management system.

Hope Global's philosophy is to promote Continuous Improvement within the Supply Chain and establish long-term relationships with our suppliers. Therefore, we are willing to share lessons learned that can help the supplier to improve the performance of their processes and share knowledge that will benefit both companies.

## 11. Additional Considerations

### Sub-suppliers

Suppliers shall be responsible for the following:

- All aspects of controlling the quality and delivery of product or services from sub-suppliers.
- Ensuring that sub-suppliers understand and meet Hope Global requirements and expectations.
- Providing PPAP submissions for material, certificates of compliances or services from sub-suppliers, upon request from Hope Global.
- Ensuring that all certifications and other required documentation is available for product or services from sub-suppliers.
- Arranging for Hope Global representatives to visit sub-suppliers, upon request from Hope Global.

### **Management Responsibility**

Suppliers shall have methods in place to measure customer satisfaction. These measurements should be used in identifying the need for corrective and/or preventive actions.

### **Process Control**

Suppliers should develop and implement a documented system to control processes and ensure quality.

Suppliers shall identify and plan the production, installation and servicing processes that directly affect the quality of product supplied to Hope Global. Suppliers shall ensure that these processes are carried out under controlled conditions.

Suppliers shall have documented procedures for process monitoring.

Supplier should have detailed operator instructions for all employees having responsibilities for operation of processes.

- All instructions should be accessible to the workstation.
- The instructions should be derived from the sources listed in the PFMEA and Control Plan.
- Supplier is responsible for maintenance and control of appearance masters and evaluation equipment.

All records pertaining to process control shall be available for review by Hope Global upon request.

### **Control of Inspection, Measuring & Test Equipment**

Suppliers must maintain calibration records for all inspection and test equipment used to make pass/fail decisions on products manufactured for Hope Global. All calibrations must be current. All test or inspection equipment must be tagged or labeled. All masters and boundary samples must be included in the calibration program.

### **Inspection and Test Status**

All Hope Global products should be labeled and identifiable throughout the manufacturing process. When required by Hope Global, additional verification/identification and/or certification requirements shall be met.

### **Internal Quality Audits**

Suppliers should develop an internal audit program to ensure that all established policies and procedures are being adhered to.

### **Training**

Suppliers should maintain training records for all employees who are required to make pass/fail decisions on parts supplied to Hope Global.

### **Statistical Techniques**

Suppliers should investigate opportunities to utilize statistical techniques as defined in the AIAG manual.