

SUPPLIER QUALITY MANUAL



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Hope Global is a worldwide manufacturer of high-quality products and components. Our company was built on innovation and is driven by excellence. Hope Global's customers demand quality goods and services at an affordable price, delivered on-time. Those expectations drive our company and our supplier partners. Hope Global maintains its business strength by working closely with our supply base to ensure these expectations are understood and that our Suppliers act with the sense of urgency our customers demand.

The foundation of a good relationship with our Suppliers is built upon open, effective and proactive communication. We do this by providing a clear, predictable and reliable pathway for supply partners to be successful. The occurrence of nonconforming product, unauthorized changes or capability issues, present risk for both Hope Global and our customers. Communicating and managing these events minimize risk and define a pathway to compliance quickly.

Hope Global requires the following of our supply base:

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

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

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

A copy of this manual and Hope Global's terms and conditions are located at 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).

A handwritten signature in dark ink, appearing to read 'Leslie W. Taito', with a long horizontal flourish extending to the right.

Leslie W. Taito
Chief Executive Officer

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

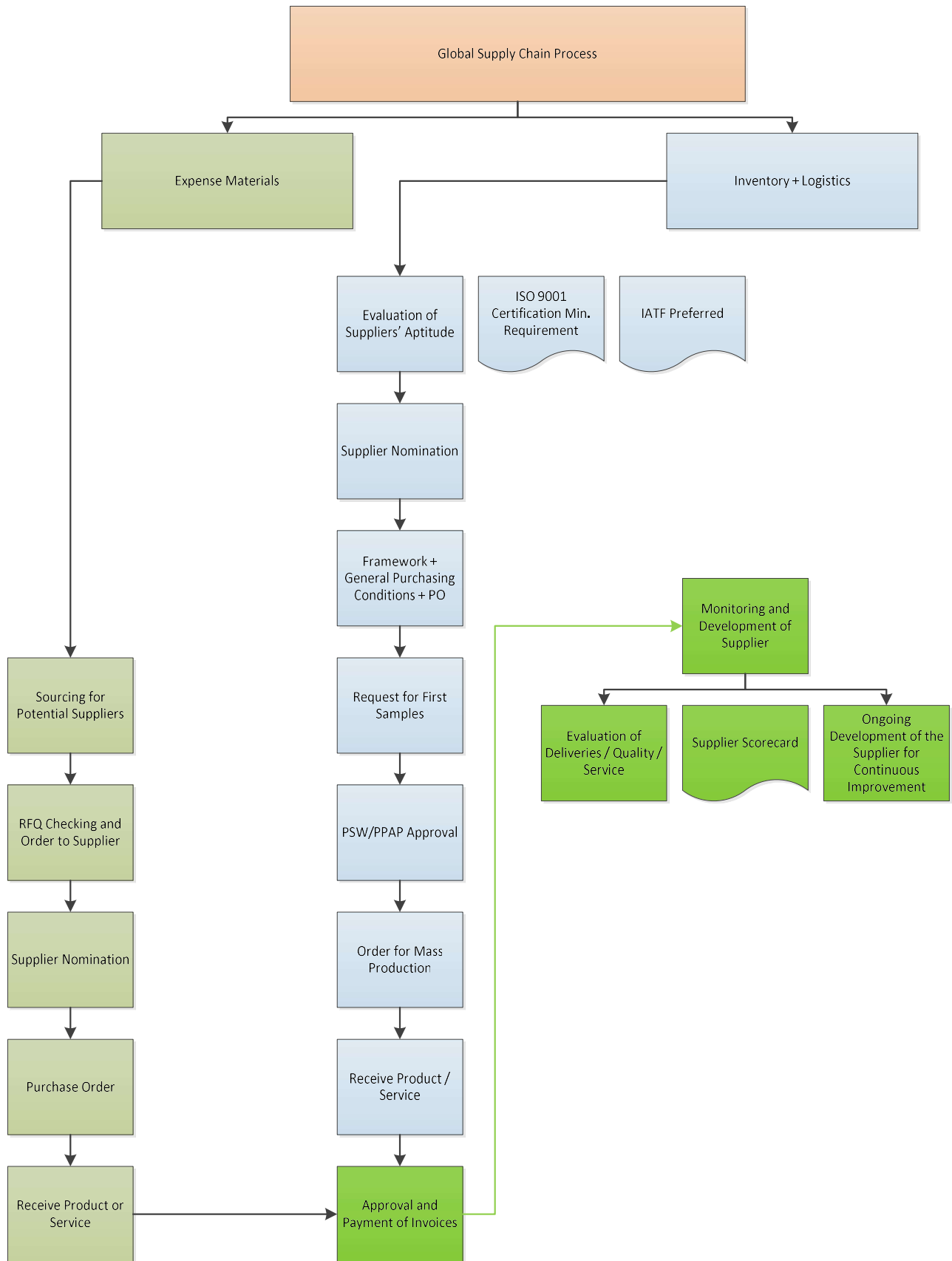
Expense Purchase		
MRO	Waste Processing	Machinery
Office Supplies	Sanitary	Tooling & Equipment
Gas & Electricity	Uniforms	Hardware
Logistic Services	Cutting Tools	Software

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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, considering 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 for 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, (Safety Data Sheets (SDS), 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.

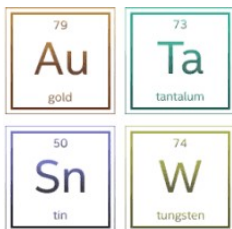
Control of Quality Records - Suppliers should adhere to the minimum record retention times specified by the IATF16949 manual for all Hope Global product. Hope Global may require extended retention times.

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 (i.e. 3TG), sourced from "Covered Countries".

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

International Material Data System (IMDS)

To ensure compliance with 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 to Hope Global and have approved the required IMDS, if required, at least Sixty (60) days prior to the required PPAP date. 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.

Safety Data Sheets (SDS)



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 an SDS 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 SDS 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.

PROP 65 – California Labeling

Proposition 65 requires businesses to provide warning labels to Californians about significant exposures to chemicals that cause cancer, birth defects or other reproductive harm. These chemicals can be in the products that Californians purchase, in their homes or workplaces, or that are released into the environment. Proposition 65 requires California to publish a list of chemicals known to cause cancer, birth defects or other reproductive harm, which must be updated at least once a year. The list contains a wide range of naturally occurring and synthetic chemicals that include additives or ingredients in pesticides, common household products, food, drugs, dyes, or solvents. Listed chemicals may also be used in manufacturing and construction, or they may be byproducts of chemical processes. Suppliers are required to evaluate their products to see if they fall under the California Prop 65 umbrella and if a warning label is warranted. If a label is required Supplier should notify Hope Global Supplier Quality prior to shipping any products and attach a proper warning label to the product prior to shipping. By law, a warning must be given for listed chemicals unless the exposure is low enough to pose no significant risk of cancer or is significantly below levels observed to cause birth defects or other reproductive harm. Penalties for violating Proposition 65 by failing to provide notices can be as high as \$2,500 per violation per day which will be charged back to any Supplier who fails to properly label their products or fails to notify Hope Global of such requirement.

Financial Solvency

A financial analysis may be performed using Hope Global Finance personnel and/or independent 3rd parties or rating services. 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, shall 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 nor 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 PPAP(s) 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 14001:2015. 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 relationship with its providers, from 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 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 include, but not limited to, the following:

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

Quantity and Duration

Obsolescence claims must be filed within Thirty business (30) days after the last production shipment per our material releases. Claims submissions after this time will be rejected.

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.

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
	REING13
	Rev A 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

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, m², etc.
- Powder products: kilogram, pounds, ton, etc.
- Fasteners (Pins, Bolts, Nuts, etc.): packaging unit

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's scope of accreditation.
- 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 of the product may d be required from the Supplier which would be specific with the Customer Specific Requirements for each supplier at the award of business, also could be found in the Contracts and Purchase Orders pertaining to each supplier, prior to launch.,.

. Any Process, Material, Manufacturing location or any other major changes must be submitted to Hope Global for approval. If the approval is granted, the supplier must present a comprehensive plan, with timing included, to re-validate the product. Hope Global reserves the right to add any necessary conditions per Hope Global Customer's Specific Requirements. Suppliers shall maintain records of all 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.

Gage Reliability & Repeatability must be done in the 10X3X3X method and must meet the following criteria:

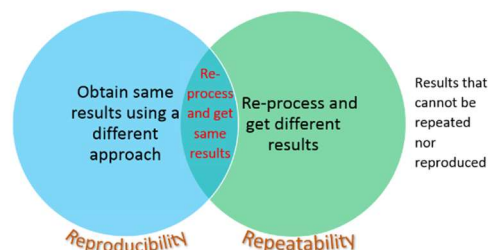
- Less than 10% = ACCEPTABLE – No action required
- Between 10% and 30% = Marginal if CPK is less than 1.67, then improve measurement process until percent of tolerance is less than 10%, otherwise, no action is required.
- Greater than 30% = UNACCEPTABLE _ Must improve measurement process so that percentage of Tolerance is less than 10%, or less than 30% with CPK greater than 1.67

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 are 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 Safety, Product Liability

Suppliers are fully responsible for their parts including those which are assembled in Hope Global products. Therefore, to minimize the risks of a product liability or a products recalls, Suppliers are to ensure the compliance with all applicable product safety / product liability laws and regulations as well as foreign regulations in the application area conditioned by customers.

The Supplier also commits to ensure that their sub-suppliers:

- Have a comprehensive quality awareness practice or procedures existing in the whole company.
- Essential product safety should be ensured in the development of the components.
- As a component of quality planning, product safety has to be taken into consideration.
- Production processes are to be assured and proven.
- By means of adequate serial-accompanying measurements for quality assurance, the probability of the occurrence of the defective parts will be minimized.
- The timely finding of the defective products during the production process should be ensured with the help of appropriate measurements as soon as possible.
- Quality data and legally required compliance tests have to be documented in detail to ensure and prove that the production of the products is in accordance with laws and safety standards.
- There will be used a system for material retracing in order to delimit the effects of the occurred faults if necessary.
- Responsible personnel should have detailed information and training regarding "product safety and product liability".
- The components with a limited durability fulfill the specific labeling standards.
- In the case of flammability, annual revalidation is necessary

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, at a minimum, with the following information as may be changed from time to time upon notice:

- | | |
|-------------------------------------|---------------------------|
| • Hope Global Part number | • Date of manufacture |
| • Part name | • Lot number |
| • Quantity | • Vendor number |
| • Hope Global Purchase Order 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.
Hope Global 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 #: 123456789012 	
(Q) QTY.: 12345678 	PART NAME: PART ABCD
(V)VENDOR: 12345678 	(K) P.O. #: 12345678 
(L) LOT #: 1234567890123 	MFG DATE: 12345678
NAME OF SUPPLIER, ADDRESS	

** Not to scale*

5. Control for Customer Owned Tools & Equipment

Hope Global and Customer owned tools and equipment shall be permanently marked according to Hope Global / Customer requirements so that the ownership of each item is visually apparent. Such tooling and equipment may not be used for any other applications without prior written approval from Hope Global. Said tools and equipment are to be insured for full

replacement cost, maintained in good working condition to support production as requested by Hope Global and protected from damage and deterioration during transportation and storage all at the Suppliers sole cost

Hope Global and Customer owned tools and equipment shall be held as bailment property in accordance with Customers and Hope Global's terms and conditions. Further Supplier agrees to complete all documentation required to confirm bailment compliance

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 transport, handling and storage at Hope Global. Whenever directed 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.

EDI (Electronic Data Interchange)

Hope Global considers the use of EDI a requirement of its Suppliers due to increased efficiency and value.

Hope Global requires Suppliers to electronically receive Material Releases and electronically submit Advanced Shipment Notifications (ASN) through the process of EDI. Hope Global Supports the ANSI X12 standards endorsed by AIAG. Deviation from this requirement will be made on a case by case basis based upon the type of services or material supplied. It is expected that all major raw materials Suppliers must be compliant.

For any questions regarding set-up of EDI or requires additional EDI information Suppliers can contact our EDI support team at EDI@HopeGlobal.com and request for the EDI implementation.

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 and further

- 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.
- If delivery deadlines are not met, Hope Global may impose damages worked out in a reasonable manner as applicable and more fully discussed below in Chapter 8 Cost Recovery & Associated Cost

- 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, Purchase Orders / material releases may be revised and or cancelled in accordance with Hope Global's terms and conditions.



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

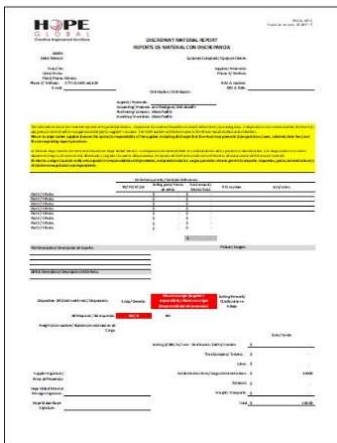
Suppliers shall establish and maintain documented procedures for inspection and testing activities to ensure that the specified requirements for the product are met. The control plan may satisfy this requirement. Product shall not be moved to subsequent processes or shipped until all inspections and 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, including but not limited to Supplier providing sorting, rework, or replacement of parts to ensure that production needs are met all at Suppliers sole cost

Disposition instruction for material must be received within four (4) working days. If disposition instructions are not received, material will be scrapped and charged to Supplier's account. The DMR # will then be used as the Return Goods Authorization (RMA) #.

Supplier shall provide Hope Global with immediate options and disposition instructions as follows

Supplier

- a) Return the material to the Supplier. Supplier is responsible for all transportation charges associated with returning nonconforming material.
- b) Discard the material. All cost of disposals and the material cost itself will be charged to Supplier. The Supplier should send a Return Material Authorization # (RMA #) or a signature of acceptance of the DMR.
- c) Rework in Hope Global plant and/or 3rd 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 / case by case 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.

The image shows a template for an 8D Discipline Report. It includes sections for Q0 Claim Information, Q1 Work Team, Q2 Problem Description, and Q3 Temporary Fix. The form is designed to be filled out by the supplier to provide a detailed response to a nonconformance.

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.

Warranty Management Systems

Supplier shall have a warranty analysis process consistent with AIAG CQI-14, Consumer Centric Warranty Management. Warranty issues are to be documented with supplier root cause analysis and corrective action submission within fourteen (14) calendar days.

Warranty parts after analysis has been completed should be retained in accordance with the retention policy of Hope Global's customer. If a particular customer requires an extended retention period (minimum of Ninety (90) days) this will be communicated to the Supplier.

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	\$150.00 per DMR issued
Storage charges for Nonconforming Material	Excessive retention of non-conforming materials	Based upon cost and assessed on case by case basis
Sort, Rework & Material Handling of Nonconforming Material at Hope Global's Facilities by 3rd Party Certified	Sort &/or Rework at Hope Global's facilities	Up to \$40.00 per labor hour
3rd Party Certified by Hope Global to Sort & Rework at Customer facilities	Sort &/or Rework at Customer Facilities	Supplier responsible to organize and pay plus any cost from Customer
3rd Party Certified by Hope Global to Sort & Rework at Supplier's facilities	Sort &/or Rework @ Supplier's	Supplier responsible to organize and pay.
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 downtime	Actual cost including customer-imposed fees and charges
Premium Freight	Actual cost incurred to expedite material	Actual cost
Costs Incurred at Hope Global's Customers due to a Supplier issue	Additional costs incurred at Customer site	Customer charges plus 5%
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	Actual cost incurred plus 5%
Late Permanent Corrective Action of a Supplier Quality issue	Corrective action late to agreed implementation	1. \$200.00 (flat fee)
Late PPAP submission	Late PPAP submitted	\$200.00 per week

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.

Normative and Informative References

The following reference documents are vital to the development of a quality system that meets Hope Global standards. Therefore, it is expected that the supplier will have the current version of the following documents.

- Production Part Approval Process, PPAP
- Statistical Process Control, SPC
- Potential Failure Mode and Effects Analysis, FMEA
- Advanced Product Quality Planning and Control Plan, APQP
- Measurement Systems Analysis, MSA
- CQI-8 Layered Process Audit Guidelines
- CQI-9 Special Process: Heat Treat System Assessment
- CQI-11 Special Process: Plating System Assessment
- CQI-12 Special Process: Coating System Assessment
- CQI-14 Automotive Warranty Management Guideline
- CQI-15 Special Process: Welding System Assessment
- CQI-17 Special Process: Soldering System Assessment
- CQI-19 Sub-Tier Supplier Management Process Guideline
- CQI-23 Special Process: Molding System Assessment
- CQI-27 Special Process: Casting System Assessment

There may be unique OEM specific standards that exceed the requirements listed in this section.