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DOCUMENT TITLE

Supplier Quality Assurance Manual

PURPOSE

To establish a quality requirements and guidelines for Suppliers doing business with Orchid Monroe

REVISION HISTORY

Revision	Change Description	Effective Date
0	New procedure	06/18/12
1	Updated Performance Rating Criteria	07/14/14
2	Updated requirement for delivery	02/19/16
3	Updated requirement for Materials Use Restrictions	02/19/16
4	Update to IATF 16949 requirements, updates to requirements in blue text.	03/01/18
5	Updated to reflect new performance scoring system	05/22/18

APPROVALS:

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1. **OVERVIEW**

A. **Scope**

The Orchid Monroe, LLC Supplier Quality Assurance Manual applies to those companies which supply materials, subcomponents, and services.

B. **Quality System Certification**

Orchid Monroe, LLC requires that suppliers shall be third party certified to a current edition of ISO 9001, unless otherwise approved by Orchid Monroe, LLC.

C. **Materials Use Restrictions**

Where customer drawings stipulate materials use restrictions, International Material Data System Global (IMDS) shall be applied regardless of the customer.

International Material Data System Global is an automotive industry material data system which is available on the world-wide-web at the following location

<http://www.mdssystem.com/index.jsp>

Product supplied to Orchid Monroe, LLC must comply with each of the following: REACH (EC 1907/2006), Restriction of Hazardous Substances Directive 2002/95/EC, (RoHS 1) & Dodd–Frank Wall Street Reform and Consumer Protection Act (Pub.L. 111–203, H.R. 4173)

D. **Critical / Safety Characteristics**

Critical / Safety Characteristics are designated by use of the symbol 'S' inside of an inverted diamond on Orchid Monroe, LLC system documentation and should be referenced in the supplier documentation where applicable (for example Failure Mode and Effect Analysis, Process Control Plans, part drawings). The creation of inspection requirements related to critical characteristics will only be developed by Orchid Monroe, LLC.

E. **Material Certification**

Material Certification is required to ensure that materials supplied to Orchid Monroe, LLC meet the agreed specification and purchase order requirements, including objective evidence of specific requirements where required in the form of test results. Where considered necessary, Orchid Monroe, LLC will request that prior to delivery of material, certification is provided to the Purchasing Department, but at all other times, material certification or test results be available within 24 hours of Orchid Monroe, LLC request. For bulk deliveries, a Tanker Clearance Certificate must be provided on arrival of the material at Orchid Monroe, LLC.

Orchid Monroe, LLC. reserves the right to perform incoming inspection testing on any incoming raw material or parts.

2. SUPPLIER PERFORMANCE – MONITORING & RATING

A. Performance Rating - Overall

For suppliers categorized as Critical or QMS support suppliers, Orchid Monroe shall rate the top 80% (by spend) of critical suppliers or top 10; whichever is greater, on a quarterly basis. Upon the discretion of Orchid Monroe Management, any Supplier may be rated at any time.

The rating calculation is by a demerit system and is a combination of delivery performance and quality performance.

Performance shall be communicated to suppliers through issuing of the Orchid Monroe Supplier Performance Rating, by the Orchid Monroe, LLC Purchasing department.

B. Quality Performance

Each incident has its quality performance rating notified through issue of the Supplier Performance Rating. Ratings are scored using the criteria below.

C. Delivery Performance

100% on time delivery performance is expected of suppliers to Orchid Monroe, LLC. Orchid will accept deliveries up to 5 days early and 0 days late without prior consent from the Orchid Monroe, LLC Purchasing department. Rating shall be allocated in accordance with the table below.

KPI	Qty Events	Demerit Points
Late Deliveries		0
Expedited or Premium Freight		0
Customer Disruptions including yard holds and stop ships		0
Quality Issues / SCAR's Issued		0
Flow Down Issues (supplier quality event that escapes to Orchid Monroe, LLC's customer)		0
Supplier Rating		100

Rating	Point Score
Excellent	91 - 100
Good	81 - 90
Satisfactory	71 - 80
Poor	0 - 70

Each event results in a deduction of 5 points from a total possible score of 100.

Corrective action may be required if the score drops below 70 points. If a trend is noted, a preventive action may be assigned at the discretion of Orchid Monroe, LLC.

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All responses are due 30 days after issue date of report.

3. PPAP - PRODUCTION PART APPROVAL PROCESS

A. Scope

The use of PPAP (Production Part Approval Process) methodologies and paperwork is a prerequisite for supply of all product for direct inclusion in the manufacture of production components.

B. Submission Levels

Level 2 is the default submission level for components supplied to Orchid Monroe, LLC; however, that may be over-riden by the purchase order. The extent of submission for materials shall be as agreed with the Orchid Monroe, LLC Quality Engineer with assistance from the Orchid Monroe, LLC Materials / Process Development Manager or delegate. Variation from the above shall be advised by the Orchid Monroe, LLC Quality Engineer.

C. Advanced Product Quality Planning (APQP)

Suppliers of components to Orchid Monroe, LLC are required to apply Advanced Product Quality Planning (APQP) methodologies through the design and engineering stages, up to and including volume production. The following documentation is required to be submitted at PPAP (in all cases), or upon request by Orchid Monroe, LLC Quality Engineer, Product Engineer or Purchasing Department:

- design FMEA (as appropriate)
- process FMEA
- process control plan

- process flow chart

Even if parts or assemblies have previously been or are currently supplied to end customers, PPAP submissions are still required.

D. Inherited Parts

Where Orchid Monroe, LLC are required to 'inherit' parts or assemblies from a supplier who was previously supplied the end customer, the same requirements shall be necessary in the form of PPAP submissions.

4. ORCHID MONROE, LLC REQUIREMENTS

A. Record Retention

Where the end customer does not define the specific records to be maintained, Production Part Approvals (PPAP), inspection & test data, and tooling records are to be maintained by the supplier.

To ensure that all end customer requirements are met by suppliers, Orchid Monroe, LLC request that all quality records pertaining to critical / safety characteristic parts are maintained for a period of 25 years, and those pertaining to part performance and history are maintained for a period of 10 years minimum after end of product life.

All records pertaining to critical / safety characteristics parts shall be retrievable within a time period of 24 hours. All other records shall be retrievable within 3 working days.

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B. Deviation / Waiver Request

Conditions necessitating deviation - a deviation request may be sought by the supplier under the following circumstances:

- Product from a supplier does not meet specified requirements and cannot be salvaged or reworked to be brought into compliance;
- Product requires rework due to a quality concern (verification of re-inspection and compliance is required);
- There is a necessary change in production method or raw material; for a temporary period only; and /or
- A supplier requests an exemption from a specified management system / customer requirement.

Complete a copy of the Supplier Deviation Request form with the relevant details and the period / quantity of parts for which the deviation is required.

Send the completed form to the Orchid Monroe, LLC Purchasing Department, together with supporting test data / samples if appropriate.

Approval / rejection will be advised in writing by the Orchid Monroe, LLC Purchasing Department or the designated Orchid Monroe, LLC Quality Engineer as appropriate.

It is the supplier's responsibility to maintain a record of the quantity, period authorized, and manage said product or system requirement accordingly. Upon expiration of the deviation period, the supplier shall comply with the original or superseding requirements. Products supplied under deviation may require further verification upon receipt at Orchid Monroe, LLC.

C. Process Control and Monitoring

- The supplier shall establish and maintain a documented process that defines the method for controlling manufacturing.
- The supplier shall prepare, maintain, and monitor documented information for manufacturing activities to be performed and results to be achieved (e.g., manufacturing plans, control plans, traveler, router, work order, inspection records, etc.).
- The supplier shall implement monitoring and measuring activities at appropriate stages to verify that criteria for control of outputs and acceptance criteria for products and services have been met. Documented information shall be retained as evidence of the results.
- The supplier shall maintain accountability and configuration control of all parts during all phases of production.
- Special processes such as welding, heat treating, etc. shall have defined criteria and approval of the process, equipment and qualification of personnel to appropriate Customer and AIAG standards, and require evidence of conformance to pertinent Continuous Quality Improvement Assessments including but not limited to:
 - CQI-9 – Heat Treating
 - CQI-11 – Plating
 - CQI-12 – Coating
 - CQI-15 – Welding
 - CQI-17 – Soldering

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- The supplier shall perform validation, and periodic revalidation, of the ability to achieve planned results of the special processes for production and service provision, where resulting output cannot be verified by subsequent measuring equipment.
- The supplier shall define authorized to approve changes to production process to assess they do not have adverse effects on product quality.

D. Verification of Goods Delivered to ORCHID MONROE, LLC

It is the suppliers' responsibility to determine and conduct suitable and effective verification activities to ensure that product delivered to Orchid Monroe, LLC meets agreed requirements.

Orchid Monroe, LLC reserves the right to conduct system / process / product audits at the supplier's premises to ensure that verification and control activities are undertaken as documented. Orchid Monroe, LLC conducts systemic reviews of suppliers to ensure implementation of corrective actions across the supplier facilities for all issues resulting in stop ship or field action. In such cases, the supplier, shall, with sufficient prior notice, make personnel and documented information pertaining to the scope of such audit available without charge or undue delay.

Orchid Monroe, LLC requires the use of error proofing practices for verification of critical / safety characteristics parts when possible.

Orchid Monroe, LLC will accept the following as evidence of supplier verification activity:

- Receipt of SPC data on a regular basis (quarterly minimum)
- Inspection reports / test results / certificates of analysis / certificates of conformance showing compliance to contractual product requirements. Where required, objective evidence of compliance through test results shall be part of the certificate of conformance.

Orchid Monroe, LLC conducts receiving inspection activity on a needs basis only. That is, Orchid Monroe, LLC assumes all verification documentation is correct and that product is to Orchid Monroe, LLC and their Customer requirements unless packaging is visibly damaged on arrival.

E. Control of Nonconforming Outputs

- The supplier shall ensure that outputs that do not conform to their requirements are defined and controlled to prevent their unintended use or delivery.
- The supplier shall promptly notify Orchid Monroe, LLC of nonconformities including nonconforming products and services detected after delivery, during or after the provision of services.
- The supplier shall establish and maintain a documented process defining the responsibility for review and authority for the disposition of nonconforming product and the process for approving persons making these decisions and defining corrective actions for nonconforming products and services.
- Disposition of nonconforming product shall be restricted to "rework", "scrap" or "return to supplier." Supplier shall obtain authorization from Orchid Monroe, LLC to disposition nonconforming product as "repair" or "use as is."
- Scrap product or material shall be identified, separated from production material, and rendered unusable to prevent unintended use or escape.
- Counterfeit, or suspect counterfeit, parts shall be controlled to prevent reentry into the supply chain.

F. Control Process Change Authorization

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No significant changes to the approved process of product manufacturing shall be made without prior authorization from Orchid Monroe, LLC. Change of manufacturing method, processing equipment, or parameters beyond those approved by the ORCHID customer are included. Maintenance of tools / equipment and variation of process parameters within approved limits are not considered a control process change.

If Orchid Monroe, LLC purchase requirements and approved Supplier APQP documentation state that Control process Change authorization is required this paragraph will apply.

Necessary forms to request a process change can be obtained from the designate ORCHID QE representative as needed.

G. Reporting Quality Problems and Corrective Actions

a. Supplier Quality Problem Report

Problems with supplied material may be communicated to the supplier through the issuing of a formal Supplier Corrective Action Request (SCAR), by the designated Orchid Monroe, LLC Quality Engineer.

H. Confidentiality Agreements

Some information provided to suppliers by Orchid Monroe, LLC and its customers require a confidentiality agreement. This documentation shall be organized by the Orchid Monroe, LLC responsible officer, and shall be acknowledged signed by the supplier's senior management upon request.

This, and Orchid Monroe, LLC Terms and Conditions are covered in Orchid Monroe, LLC's Request for Quotation documentation.

H. Business Continuation Plan

MONROE ORCHID, LLC requires our suppliers to prepare business continuation plan (e.g. fire, flood, storm damage, etc..) to reasonably protect supply of product if a supplier's facility cannot continue to operate. Plans should be reviewed on an annual basis to ensure that the contingencies listed are still valid.

I. Code of Conduct

A gift can be a simple expression of friendship. It is natural for some of us to develop friendships with suppliers we work with over the years. But even a gift offered with the best of intentions can have the appearance of compromising your objectivity and integrity. Therefore, Orchid Monroe, LLC imposes restrictions on the gifts employees may accept from people with whom we do business.

The circumstances — timing, value, place — under which you receive a gift may dictate whether you should keep it. You may receive certain gifts, such as:

- Promotional material of a general advertising nature, such as imprinted pens, memo pads and calendars.
- Presentations of a ceremonial nature in keeping with national custom as long as it does not violate any law, cannot be construed as a bribe or a payoff, and will not embarrass the company if disclosed publicly.

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- Gifts of nominal value (no more than \$50), provided they are given as a gesture of professional friendship, and do not involve a company commitment having to do with the transaction of business.
- An occasional meal or entertainment to be paid by a supplier or potential supplier, as long as the supplier attends the event and such hospitality is not excessive or unusual.

Not acceptable:

- Orchid Monroe, LLC strictly prohibit our employees or anyone else from giving or receiving bribes, kickbacks or any other form of improper payment, direct or indirect, to or from any representative of any government, any customer, contractor, supplier, consultant or advisor, or labor union, for any reason. All employees are strictly prohibited from accepting any such payment from anyone.
- Suppliers are to prepare all form of payments directly to Orchid Monroe, LLC. Absolutely no payments are to be made directly to any individual.

Generally, employees should discourage outside vendors or suppliers from giving gifts since any gift might be misconstrued as an attempt to influence business decisions. If you do receive a gift, you must not allow it to influence your business relationship with any supplier or potential supplier.

We Require Ethical Behavior from Our Outside Consultants and Contracted Service Providers

Orchid Monroe, LLC is responsible for ensuring that any outside consultant or contracted service provider that we hire is held to the same standards of integrity that Orchid Monroe, LLC requires of our employees. And that includes obeying all the laws and government regulations that apply to us. If an outside contractor we hire violates our ethical standards, it can be equivalent to violating those standards ourselves.

No Retribution Assurance (suppliers and customers)

A Whistleblower, who is a customer or supplier acting genuinely and in good faith when reporting what (s)he reasonably believes to be fraud, deliberate malpractice, and/or an unethical matter will not be subjected to reprisal or detrimental action on the part of Orchid Monroe. However, any false or malicious allegations will not be tolerated and may jeopardize business relations with the Company.

We Build Mutually Beneficial Relationships with Suppliers

Orchid Monroe, LLC makes every effort to build long-term relationships with our suppliers. We award business based on the value our suppliers provide to us and our customers considering elements such as quality, price, delivery, technical support and service. All employees must follow these principles when dealing with suppliers:

- Provide fair and open information and instructions to each competing supplier.
- Protect all proprietary data our suppliers provide to us, in keeping with our agreements with them.
- Encourage new ideas, techniques and materials by all our people who purchase goods or
- Services from other companies. The company expects employees to make reasonable efforts to evaluate new offerings.
- Communicate clearly and precisely, either orally or in writing, so that our customers understand the terms of our contracts, including performance criteria, costs and schedules.

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- Suppliers are to prepare all form of payments directly to Orchid Monroe, LLC. Absolutely no payments are to be made directly to any individual.

Supplier Expectations

We expect our Suppliers to:

- Abide by our Code of Conduct
- Provide high quality goods or services
- Deliver goods or services at a competitive price
- Stand behind the goods or services they provide
- Adhere to the requirements of Orchid Monroe, LLC's supplier quality manual.

Non-Compliance

It is expected that all suppliers of Orchid Monroe, LLC will fully comply with the legal guidelines and regulations expressed in this code. Suppliers are subject to being de-sourced and will not be allowed to participate in any future business opportunities with Orchid Monroe, LLC.

Reporting Method - Individuals wishing to report an issue within the scope of this policy may do so as follows:

In writing to:

Orchid Monroe, LLC
ATTN: Chris Strong, CFO (mark as private and confidential)
350 21st Street
Monroe, WI 53566

Via phone: 615-397-0971 (this is the direct line)

Via email: cstrong@orchidmonroe.com (mark email as confidential)

5. WARRANTY CRITERIA

Orchid Monroe, LLC requires the suppliers, as the experts in the components supplied, to be committed to a program of continuous quality improvement. In the event of field concerns the supplier is to put in place a system of containment, root cause investigation and permanent corrective action as a matter of priority. Orchid Monroe, LLC expects all suppliers to accept the warranty period as per the OE customer accepted vehicle warranty period.

A. Warranty Claim and Cost Reimbursement

The primary focus for warranty from the supplier must be corrective actions. Orchid Monroe, LLC will seek reasonable costs reimbursement based on charges from the end customer to include part costs, handling costs, labor costs and administration costs as part of warranty investigation and design responsibility. Orchid Monroe, LLC will provide an invoice for warranty costs recovery.

B. Report of Investigation for Warranty Components

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Orchid Monroe, LLC will supply a detailed claim with supporting data, plus components where appropriate, to enable the supplier to fully investigate the condition. Where components have been returned to the supplier, Orchid Monroe, LLC requests a monthly report detailing full root cause, corrective actions and Breakpoint details.