



Customer Specific Requirements

**For Use With ISO/TS16949: 2002
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I. Introduction

Commitment to Excellence

In direct support of Iskra's commitment to excellence and desire to "exceed **our** customer's expectations", it is expected that our suppliers work toward exceeding the expectations and requirements of the Iskra Customer Specific Requirements.

Excellence in the Relationship

All Iskra employees must conduct their business activities with suppliers exhibiting the highest ethical standards. Such conduct enables Iskra to have mutually beneficial relationships with its suppliers and thus provide competitive advantage to Iskra. Iskra is committed to delivering the right part, the right quantity at the right time to our customers via a lean enterprise. This commitment is also expected from our suppliers. Iskra is committed to working with its suppliers to establish that lean enterprise as well. That may include engaging suppliers in lean supplier development workshops, utilizing cost standards and cost models for determining contract pricing, and utilizing Supply Agreements with suppliers that have a proven track record of quality, technology, service and cost. Such practices and relationships will enable Iskra and its suppliers to provide maximum value to Iskra's customers with minimal waste in the supply value stream.

II. Customer Specific Requirements Document Structure

This document is structured as a companion requirements document to ISO/TS 16949:2002. The paragraphs to this document are numbered to correspond with the paragraphs to ISO/TS 16949:2002. Where guidance by the customer is referenced, a requirement will be stated to clarify the Iskra interpretation.

Exceptions to any part of these requirements must be approved in writing by the AQE or SQE for Supplier Quality specific issues, and by the Buyer for any Commercial issues.

III. Reference Documents

The following reference documents are available through AIAG (248-358-3003) and should be used to develop the quality system. Production Part Approval Process, PPAP (required) Statistical Process Control, SPC Potential Failure Mode and Effects Analysis, FMEA Advanced Product Quality Planning and Control Plan, APQP Measurement Systems Analysis, MSA

IV. Scope

ISO/TS 16949:2002 and this document define the fundamental quality system requirements for Iskra Corporation. This document contains the company specific requirements supplemental to Technical Specification, ISO/TS 16949:2002. These supplemental requirements may also apply to QS-9000, ISO9001 and other similar registrations as applicable and developed within this document. These supplemental requirements shall be in the scope of the registration/certification audit in order to be recognized as satisfying the Iskra supplier criteria for third-party certification by an IATF recognized and contracted certification body. This document applies to external suppliers to Iskra. All ISO/TS 16949:2002 requirements and the requirements of this document shall be documented in the supplier's quality system. See 7.4.1.2 for further clarification of other applicable standards and the requirements. The English language version of this document shall be the official version for purposes of third party registration. Any translations of this document will be for reference only.

Copies of this document are available at: Iskra Avtoelektrika Group, www.iskra-ae.com/supplier.

V. Terms and Definitions

APQP (Process)

The required tasks and documentation as defined in section 7.1 Planning of Product Realization to ensure successful launch of product at required quality standards.

AQE

Advanced Quality Engineering (AQE) is the group of engineers within Iskra responsible for assessing potential suppliers and taking contracted suppliers through the APQP process until the product is into production.

Capacity verification

A verification methodology to demonstrate that a supplier can meet the capacity planning volume requirements as defined in the purchasing Request For Quote (RFQ).

Family Parts

These are groups of parts processed on the same production line, using the same control plan, PFMEA and process equipment. The parts differ only in end item value. PPAP for the "family" is approved for using the extreme values to the "family" specification to define the "family" boundary.

FTQ

First Time Quality (FTQ) is defined as a measure of the number of pieces rejected in a manufacturing process versus the total number of pieces attempted. First Time Quality can be measured at any step in the manufacturing process where parts are rejected. First Time Quality is reported in parts per million (PPM) defective.

IMDS

International Material Data System: This system is used to submit reportable substances.

Material

Any item purchased from a supplier that becomes a part of a Iskra product and sold to a Iskra customer.

MTBF

Mean Time Between Failure is a metric to measure the reliability of equipment.

OEM

Original Equipment Manufacturer (OEM) is intended to be the end item user of the customer.

RFQ – Request for Quote

CR – Change Request -form - a supplier must notify the responsible customer of any design and process changes as defined in the PPAP manual.

Shall

The word "shall" indicates a mandatory requirement.

Should

The word "should" indicates a recommendation.

SPD – Supplier Performance Development – Iskra process for supplier selection, development, and assessment.

SQE

Supplier Quality Engineer (SQE) is the group of engineers within Iskra responsible for managing the current quality issues with supplier.

Sub-supplier - Providers of production materials, production or service parts, assemblies, heat-treating, welding, painting, plating, or other finishing services directly to any Iskra supplier.

Supplier

Providers of production materials, production or service parts, assemblies, heat-treating, welding, painting, plating, or other finishing services directly to Iskra.

4. Quality Management System

4.1 General requirements

The entire facility (producing automotive products for Iskra) shall be registered to the applicable standard. Where the entire facility does not do automotive products, a clear definition of what product lines are registered shall be included in the registration scope.

See 7.4.1.2 for further clarification of other applicable standards and the requirements.

4.2 Documentation requirements

4.2.2 Quality manual

All ISO/TS 16949:2002 requirements and the requirements of this document will be included in the supplier's quality system.

4.2.4. Control of Records

Production part approvals, tooling records, purchase orders and amendments shall be maintained for the length of time that the part (or family of parts) is active for production and service requirements plus one calendar year unless otherwise specified by Iskra for their respective products. This includes any Iskra owned tooling.

Production inspection and test records (e.g., control charts, inspection and test results) shall be retained for three calendar year after the year in which they were created. Records of inspection shall be maintained for each inspection or test performed as per the control plans. The actual test result (variable or attributes) should be recorded. (Ref. 8.2.4)

Records for internal quality audits and management review shall be retained for five years. Some programs may require longer retention periods than specified above. A supplier may specify the retention period in its procedures or specifications. The above does not supersede any regulatory requirements.

5. Management Responsibility

5.1.1 Process Efficiency

Supplier top management shall review the product realization processes and the support processes to assure their effectiveness and efficiency.

5.5 Responsibility, authority and communication

5.5.2.1 Customer representative

The supplier's customer representative is the primary interface to Iskra. When the customer representative changes, the supplier shall immediately inform the Iskra representative. The Supplier should also notify the impacted Iskra functional areas (SQE, Engineering and/or Logistics) within 10 business days. The supplier shall have at least one person for their company, and one back up (preferred) at each of their locations.

In addition, the supplier needs to communicate the important contacts to the Iskra representative by using the Contact List.

NOTE: The supplier shall verify information at least every six months.

- Language – All international contacts shall be proficient in reading, writing, and speaking English.
- Supplier's Planned Down Time – Suppliers shall provide annually a listing of planned plant down time for holidays, vacations, etc. to Iskra. Suppliers must provide detailed plans to Iskra Logistics and Purchasing for protection of supply during these planned down times including 24-hour emergency contacts.
- Union affiliation and contract expiration - If the supplier is unionized, they shall update Union affiliation and contract expiration in Supplier Profile in the DSP. Suppliers are expected to manage these situations, and notify Iskra of pending issues that could impact delivery.
- Inquiries - All suppliers shall respond to all inquiries in writing or via E-mail on or before the due date stated on the inquiry. All quotes shall be prepared using Iskra forms as provided.

6. Resource Management

6.2 Human Resources

6.2.2.2 Training

This training will include the appropriate Iskra systems as identified and required by the appropriate Iskra functional area. When an outside training need has been identified by Iskra, the supplier must take the courses that have been identified with the recommended training supplier.

6.3.1 Plant, Facility and Equipment Planning

To become a Lean Enterprise, a supplier should utilize Value Stream Mapping and other lean tools.

6.3.2 Contingency Plans

The supplier shall prepare contingency plans to satisfy Iskra requirements in the event of an emergency such as utility interruptions, labor shortages, key equipment failure and field returns. When the supplier knows in advance of an impending production interruption, the supplier shall notify the Iskra receiving plants (Logistics), the Buyer and the SQE at least 24 hours, if possible, before that interruption. The nature of the problem shall be communicated with the immediate actions taken to assure supply of product. Production interruptions may include (but are not limited to) natural disasters, political unrest, war, capacity issues, quality issues, labor strikes or other events that prevent the supplier from meeting the specified capacity volumes. The supplier is required to advise Iskra of the plan for recovery and work toward minimizing its effect on the Iskra plant.

7. Product Realization

7.1 Planning of Product Realization

The Advanced Product Quality Planning and Control Plan reference manuals shall be used as a guide to develop and report progress on new programs. Reporting of APQP status shall utilize the forms and process flows provided by or recommended by the responsible AQE/SQE.

Supplier Performance Development (SPD)

The supplier specific performance development tasks and accompanying forms are itemized below:

- **Feasibility Letter**
- **Timing Charts**
- **PPAP-Requirements-PSW**
- **Run at Rate**
- **Run at Rate Estimation**
- **Change Request**
- **5 why analysis technique**
- **Contact List**

All forms are available via Iskra SQE or Buyer.

In order to work with suppliers via the SPD process, we will need access to suppliers' facilities and appropriate documents. In some cases, this may require access to sub-tiers' facilities and documents.

7.1.3 Confidentiality

Suppliers shall maintain confidentiality of Iskra products and information as documented in Iskra contracts.

Property Rights

This section on Property Rights applies when Iskra pays a direct charge for engineering and development, even if those charges are amortized into the unit cost.

7.1.4 Change Control

The supplier shall not make any changes without prior written notification and approval from Iskra.

The supplier shall retain approved change requests, for the life of the material. Initial shipments of new or revised material will be appropriately labeled with the change level and clear description of introduced change. After initial shipments of new or revised material no deliveries of superseded materials are allowed.

Iskra requested changes require timely response to Buyer requests. Response to product or pack change requests shall be reviewed and responded to within 10 business days. Supplier Change

Requests shall be communicated through the Iskra representative at least 5 months prior to change implementation. This requirement includes changes to part design, material, sub-tier supplier, manufacturing location or process. (Reference AIAG PPAP, current edition).

All proposed changes including but not limited to design, process, component, packaging, component suppliers, or facilities, and site changes including supplier proprietary designs shall be submitted to Iskra for approval and obtain concurrence on effect on the part fit, form, function, finish, and durability prior to implementation.

7.2 Customer-related Processes

Reportable substances should be submitted via IMDS data sheet.

Pricing

Suppliers will be expected to be globally competitive, which will be benchmarked by Iskra Buyers. When requested by the Iskra Buyer, suppliers will provide the Piece Price Breakdown and the Tooling Cost Detail Breakdown and submit with the supplier's response to the Request for Quote. Suppliers are expected to have a continual cost reduction improvement process in order to manage their costs. With this in place, it is expected that increased costs are not passed on to Iskra. In addition, suppliers are expected to work with Iskra Buyers toward annual cost reductions, via longterm contracts. When required, Iskra can provide assistance in cost reduction issues, through various workshops. For further information, contact your Buyer.

Suppliers who provide prototype/pre-production part requirements are expected to provide them at production pricing.

Iskra will not accept quotations, or issue contracts or purchase orders with minimum order quantities.

Currency

Supplier is to quote in the currency specified by Iskra, which is the currency that Iskra sells the final product to its customer. Exceptions to this requirement will result in a risk factor being added to the quoted price from the supplier, thus impacting the competitiveness of the supplier's quote.

7.2.1.1 Customer-designated Special Characteristics

If Iskra has defined specific symbols for use on control plans, drawings or FMEA's, they must be used. If so, the AQE/SQE will notify the supplier of those requirements. If Iskra has provided no symbols, then the supplier shall define a symbol set consistent with critical and significant characteristics.

7.2.2.2 Manufacturing Feasibility

Manufacturing feasibility reviews (Advanced Product Quality Planning and Control Plan, Appendix E) shall include supplier and Iskra team members as appropriate. Product volume changes of 20% or more from Iskra over a previously verified volume capability shall require full volume feasibility studies. The capacity study shall include identification of the capacity constraints and evaluation of risk to Iskra by the supplier. The results of this study shall be provided to the responsible Iskra SQE/AQE. The capacity information provided with the quote should reflect the available daily capacity and operating plan (hrs. /day, days/week). The operating plan should meet weekly volume requirements and current model service requirements and should be 100 hours per week or less. The Buyer shall be notified and approve of any operating plan using more than 100 hours per week. Suppliers shall have capability to provide 15% above the quoted volume without additional investment from Iskra.

7.2.3.1 Customer Communication- Supplemental

During the request for quote response, the supplier will verify the data exchange formats with Iskra. The Buyer will assist in the coordination of the definition of these requirements. All communications/documents shall be in English, unless there is prior agreement.

Product Expectations

Suppliers should utilize electronic print file formats.

The CAD data for 3D models and drawings shall be exchanged in the Unigraphics or OneSpace Designer (CoCreate) format. From other software it is permitted to exchange data by using IGES, ACIS or STEP translators for 3D models and DXF, DWG or IGES file formats for drawings.

Other documents shall be prepared with Microsoft Office. PDF file format shall be chosen as the exchange format for product specifications and list of requirements.

7.3 Design and Development

7.3.1.1 Multidisciplinary Approach

The supplier shall use a multidisciplinary approach to prepare for product realization including the development and finalization and monitoring of special characteristics, development and review of FMEA's, including actions to reduce potential risk and development and review of control plans.

7.3.3.2 Manufacturing process Equipment

Suppliers' equipment should meet industry quality; maintenance, safety, changeover and production yield requirements. Supplier's manufacturing process design output shall be expressed in terms that can be verified against manufacturing process design input requirements and validated. The manufacturing process design output should include specifications, drawings, layouts, PFMEA's control plans, work instructions, process approval acceptance criteria, data for quality, reliability, maintainability, and measurability, error-proofing, and rapid detection and feedback of product/manufacturing problems.

7.3.4 Design and Development Review

When reviewing product design and development stages, the supplier shall participate in and execute APQP requirements.

7.3.5 Design and Development Verification

The supplier shall perform design verification to show conformance to Iskra design validation and qualification requirements. At component levels, the supplier will develop a qualification plan with the design engineering activity at Iskra. Verification methods shall be recorded with the test results. Go/No Go results shall be avoided and where applicable the actual value for variables data will be recorded. Requirements documents are available from Engineering.

7.3.6.2 Prototype Program

The supplier shall be responsible for the quality of the parts it produces and subcontracted services including sub-suppliers directed by Iskra.

The supplier shall request confirmation of the need for prototype control plans, FMEA's, etc. from Iskra engineering.

Prototype Parts Provision

Delivery date(s) for samples of prototype components shall be established by Iskra and noted on the purchase order. The delivery date(s) reflect the date(s) parts are to be received at Iskra's docks. All prototype components and shipments shall be identified as prescribed in any relevant documents. The supplier shall submit inspection reports with sample delivery as required by the Iskra Buyer. If review of the inspection report indicates that the parts do not agree with the prints or examination of the parts discloses an unsatisfactory condition not covered by the report, it shall be the supplier's responsibility to resolve all discrepancies with the Iskra Product Design Engineer prior to prototype delivery. The supplier will notify Iskra Product Design Engineer upon the root cause of the discrepancy occurred together with corrective action plan. This needs to be communicated in writing to the Iskra Buyer. If resolution of the discrepancy results in a tooling, material or processing change, the supplier will correct the situation (at the supplier's expense) and resubmit an inspection report on the revised parts. This needs to be communicated in writing to the Iskra Buyer.

7.3.6.3 Product Approval Process

The supplier complies with the AIAG Production Part Approval Process (PPAP) manual unless otherwise specified by Iskra. Copies of supplier PPAP's will immediately be made available upon request from Iskra. Suppliers may impose a similar product and manufacturing process approval procedure on their suppliers. When specified in the APQP process, Run at Rate shall be performed as a method for production capacity verification. The supplier is expected to develop and implement a FTQ improvement process with appropriate alarms and reaction plans defined. Top 5 issues should be developed with action plans showing continual improvement over time. A FTQ improvement process should be implemented during APQP and PPM calculations verified at PPAP and Run at Rate. The goal of FTQ should be zero PPM.

NOTE: Commodity or batch based products may demonstrate run at rate by a process analysis to determine constraints and show sufficient capacity is in place to support the product release rates. On new or revised materials, notification of PPAP acceptance by Iskra does not authorize shipment.

Shipping authorization for the initial shipment will be issued by Logistics and will contain the delivery due date, quantity to be shipped, and change level to which the material will comply.

7.4 Purchasing

7.4.1.1 Regulatory conformity

See Section 7.2.

Material Expectations

Suppliers will provide samples, testing, environmental and MSDS (Material Safety Data Sheet) information in the timeframe requested. MSDS is required for bulk or raw materials. MSDS is also required for any rust preventative, grease, lubricating oil, or other chemical material that is on a part or assembly provided to Iskra. Suppliers should be able to provide same material on a global basis, if requested.

7.4.1.2 Supplier Quality Management

Iskra satisfies the goal of supplier conformity to ISO/TS16949: 2002 as follows (Also see section 4.2.2):

a) As a minimum, suppliers that manufacture automotive direct product or materials to Iskra shall be registered to ISO9001: 2000.

b) The preferred method is for automotive suppliers to be registered to ISO/TS16949: 2002 and including reference to the Iskra Corporation customer specific documents. the appropriate DPSS SQ contact for specific requirements.

The registration selected by the supplier may influence the assessment process and potentially the sourcing of business to that supplier. Suppliers registered to ISO 9001:2000 or ISO/TS 16949:2002 shall notify Iskra of certificates being revoked or placed on probation. Suppliers shall also notify their Iskra SQE if they plan to change registrars.

Suppliers shall provide the Iskra Buyer a copy of the registration certificate for any amendments or renewals to the quality management system certification. Suppliers shall provide a quality management system certificate that is in English or Slovene. Suppliers are responsible for their certificate name and address information to match what is in registrars.

NOTE: Third party certification does not relieve the supplier of the full responsibility of the quality of the product supplied.

Supplier Development of Specially Designated Small Suppliers of Direct Automotive Product and Materials

When a sub-supplier to a Iskra supplier is so small as to not have adequate resources to develop a system according to ISO/TS 16949:2002 or ISO 9001:2000 or supplies non-engineered products, certain specified elements may be waived by the Iskra supplier. The Iskra supplier shall have assessment criteria applied consistently to determine the specially designated sub-suppliers for which this provision may apply. Suppliers to Iskra that are certified to ISO/TS16949: 2002 or ISO 9001:2000 are authorized to use the Iskra Supplier Assessment form or other current ISO/TS assessments for sub-supplier evaluations to meet 7.4.1.2.

At a minimum, the Iskra supplier should assess the sub-supplier's size, dollar value of the business, type of product supplied, quality system, manufacturing and delivery systems capability, and any risk to Iskra. The Iskra supplier shall take complete responsibility for their sub-supplier's quality and delivery performance.

7.4.3.1 Incoming Product Quality

The supplier shall manage their sub-suppliers. When the supplier determines incoming inspection of sub-supplier material is necessary, this activity shall be consistent with the risk and quality impact of the supplier. These inspections shall include variables data where appropriate and be used as a key indicator for sub-supplier quality management. For attribute data sampling, the acceptance level shall be zero defects.

The selection and performance of all suppliers is very important and key to Iskra's ability to meet or exceed our customers' requirements; however, critical processes performed by Sub Suppliers can result in increased processing risk opportunities. Ineffective management of Sub-Suppliers can and has caused significant quality issues for Iskra and for our customers. All risks must be carefully and correctly evaluated, and actions must be taken that eliminate any potential risks to Iskra.

Tier 1 suppliers are responsible for the performance of their suppliers. They must select Sub Suppliers (i.e. Heat Treat, Plating) based on Iskra's expectation of Zero Defects, and on the Sub Supplier's capability to continually maintain robust processes throughout the life of the product that meet all of Iskra's product requirements.

An assessment document should be initially completed and periodically repeated for each Sub-Supplier. The review documents shall be available for Iskra's review as requested. Suppliers should seek any additional expertise that is necessary, based on the particular sub-processing technology to ensure they are able to select a capable supplier and ensure on-going performance. Where high risk has been identified in the sub-contracted process, the Tier 1 supplier must ensure containment is in place to protect the customer.

7.4.3.2 Supplier Monitoring

Iskra uses the Supplier Scorecard to monitor supplier quality performance and drive corrective actions for quality improvement. Iskra expects our suppliers to establish processes and designs with the ultimate goal of achieving zero defects and 100% on time delivery. Quality and delivery metrics shall be included in the supplier's management reviews and shall use zero defects and 100% on time as the goals.

Suppliers who do not achieve the expectations noted above will enter specific SPD processes as directed by their SQE. Suppliers are expected to ensure the quality and capacity of materials and component parts coming from Sub-Suppliers. Suppliers are responsible for ensuring that Sub-Suppliers develop a quality management system that facilitates defect prevention, monitoring, and improvement.

7.5 Production and Service Provision

7.5.1.1 FMEAS and Control Plans

FMEA and Control Plan Approvals

Iskra Design engineering and Supplier Quality approval is required for FMEA's and control plans for designated safety items regardless of the site PPAP level. Approval of changes to these documents after initial acceptance is also required.

Iskra reserves the right to require approval of FMEA and/or control plans for any part or process from any supplier.

FMEA's

The supplier shall prepare documented process FMEA's for all part numbers supplied to Iskra. Where the supplier is responsible for design, the supplier shall prepare documented design FMEA's for all parts it designs for Iskra. FMEA's may be written for families of parts where batch processes and common tooling is used. Families shall be clearly defined and have a full part number listing of the family. Iskra engineering and Supplier Quality shall approve the family designations. Upon request by Iskra, the supplier shall provide a copy of the FMEA documents for review. If the document is considered proprietary, the supplier will provide qualified technical support and bring the FMEA to the requestor for review without retention of copies. A letter stating the proprietary nature shall be included in the Production Part Approval submission package. FMEA's are to be prepared using the AIAG Potential Failure Mode and Effects Analysis reference manual unless otherwise approved by Iskra Supplier Quality.

Potential failure modes with a severity of seven or greater shall be continually improved to reduce the occurrence to a one or reduce the detection to a five or lower.

Control Plans

The Advanced Product Quality Planning and Control Plan manual, available from AIAG, should be used as a guide in developing and maintaining control plans. A change history shall be maintained as part of the control plan to document implementation of changes.

Approval may take the form of Part Submission Warrant (PSW) approval but the preferred method is to sign the documents. Approval of changes to these documents after initial acceptance is also required. Iskra reserves the right to require approval of control plans for any part from any supplier. All Iskra parts shall have Control Plans. Family control plans may be used for parts with common processes. The family shall be clearly defined on the control plan so that applicability is defined.

Design and process controls shall focus on prevention rather than detection and correction. Special attention shall be placed on the identification of input control characteristics rather than the post processing inspection and containment.

Repaired, reworked, or out-of-process product shall be re-inspected to all control plan requirements and documented procedures. At a minimum, suppliers shall meet the following requirements.

The control plan shall cover three distinct phases as appropriate.

a) Prototype: a description of the dimensional measurements, material and performance tests that will occur during building of the prototype. The supplier shall have a prototype control plan if required by Iskra.

b) Pre-launch: a description of the dimensional measurements, material and performance tests that occur after prototype and before full production. Pre-launch is defined as a production phase in the process of product realization which may be required after prototype build.

c) Production: documentation of product/process characteristics, process controls, tests and measurement systems that occur during mass production.

Each part shall have a control plan but, in many cases, family control plans may cover a number of similar

parts produced using a common process.

The supplier shall develop a control plan that includes, as a minimum, the following contents.

a) General data

- control plan number,
- issue date, and revision date, if any,
- supplier's name/site designation,
- part number(s),
- part name/description,
- engineering change level,
- phase covered (prototype, pre-launch, production),
- key contact,
- part/process step number,
- process name/operation description.

b) Product control

- product-related special characteristics,
- other characteristics for control (number, product or process),
- specification/tolerance.

c) Process control

- process parameters,
- process-related special characteristics,
- machines, jigs, fixtures, tools for manufacturing.

d) Methods

- evaluation measurement technique,
- error proofing,
- sample size and frequency,
- control method.

e) Reaction plan and corrective actions

- reaction plan (include or reference),
- corrective action.

7.5.1.2 Work Instructions

Operators shall use the most current work instructions or those consistent with the revision level of the product.

7.5.1.3 Verification of Job Set-ups

Set-up verification requirements include manual tooling exchanges.

7.5.1.4 Preventive and Predictive Maintenance

The supplier shall have a documented system for preventive maintenance. This shall include a timely review of planned maintenance activities and a documented action plan to address any backlog. The Management Review process shall include a review of key metrics such as MTBF, on-time maintenance, and others as appropriate, to determine the effectiveness of the program. The supplier shall use predictive maintenance techniques to continually improve the effectiveness and the efficiency of production equipment.

7.5.1.6 Production Scheduling

Iskra suppliers shall electronically receive ship authorizations, schedules and forecasts, and send shipment notification at the time of shipment.

Suppliers who fail to provide valid, timely, and accurate shipment notification may be subject to a cost recovery by the receiving Iskra location. Iskra expects shipment notification will be sent a maximum of 30 minutes after the shipment leaves the dock.

Iskra will establish the shipping frequency for each production part. The supplier shall be able to ship daily at a minimum. Supplier shall ship to the exact quantities, dates, and times specified on the release, no over, under, early or late shipments and no freedom of the week delivery. All Iskra schedules shall be in standard pack quantities in the smallest approved standard pack container. At the time of pick up, the supplier shall allow the authorized carrier's driver to check the shipping quantities against the scheduled quantities. Over-shipments will not be accepted, if an over-shipment occurs it will be returned at the expense of the supplier. If for any reason the supplier is unable to meet the schedules communicated, it is the responsibility of the supplier to notify proper Iskra Logistics personnel immediately and receive authorization for the undershipment.

Suppliers will make up all under-shipments via supplier paid premium transportation on Iskra authorized carriers to meet the originally scheduled quantities. If Iskra's and/or its customer's production is interrupted by the failure of the supplier to deliver contracted goods within the terms of the contract, all costs that are incurred by Iskra and/or its customers will be the sole responsibility of the supplier and corrective action will be taken.

Scheduling Lead Time

The scheduling lead-time will be quoted in working days and should quantify the time from receipt of order to ship availability. Steady state lead-time (when schedule and/or forecast is routinely available) is 10 calendar days or less. Exceptions to this lead-time requirement must be approved by Logistics and Supply Management, and must be documented in the purchase agreement.

7.5.3 Identification and traceability Labels

For all Iskra destinations, materials shall be identified in compliance with Odette Label Standard. A sample or facsimile of your label shall be provided by Iskra Logistics Contact.

Master label is required to label individual or a group of packages in order to keep them together in a single consignment. The shipping details, the receiver and delivery point fields are always filled in.

Individual label is required to be attached directly to the package containing one or more parts of the same type. It is simply used to identify the contents of the package and does not contain the shipping details. These fields are left empty.

NOTE: Every pallet or container (including all single containers within one pallet) shall be identified with a proper label.

Each master label shall contain the following information:

- Supplier Number /Code at Iskra
- Iskra part/material Number/Revision
- Number of containers per part number
- Unit of measure for each part or material
- Total Quantity
- PO Number
- Bill of Lading (Bill of lading number will be bar-coded on each packing list)
- Quantity per Pack
- Weight of shipment
- Deliver to Location
- Invoice Number (if different from BOL number).

7.5.4 Iskra Property

Iskra will control the ownership of all returnable container systems. The supplier is responsible for tracking and maintaining (including repairs and cleaning) returnable containers in their possession.

Tools

If tooling is to be paid by Iskra, suppliers will be paid for tooling contingent on full PPAP approval. Maintenance and renewal of Iskra-owned tooling are the responsibility of the supplier. If the supplier is

tool design responsible, then reproducible tooling prints shall be completed by supplier within 6 weeks after PPAP approval on all new program tools, tools undergoing an engineering change, and current tools that are revised. Supplier, upon request from Iskra, shall provide reproducible tooling prints for existing tools.

7.5.5 Preservation of product

Transportation

Routing instructions will be provided by Iskra for all suppliers who ship under Iskra paid freight terms. All shipments shall be made by normal mode at the prescribed ship time on the Iskra authorized carrier, unless otherwise specified by Iskra. The supplier will pay supplier caused premium transportation. Suppliers will use authorized carriers for all modes of transportation, including supplier fault premium transportation. Excess transportation costs incurred, as a result of using incorrect carriers, will be debited from the supplier's account and corrective action will be taken. Iskra will assume liability for insurance on the in-transit material when Iskra specifies the carrier. In the event the carrier is supplier owned, the insurance liability is the responsibility of the supplier.

Packaging

Suppliers shall provide packaging in accordance with **Packaging Requirements** which are a part of longterm contracts. Any deviation from the guideline shall be directed to the Iskra Buyer and approved by Iskra.

7.5.5.1 Storage and Inventory

The supplier shall use the first in first out inventory method (FIFO) for inventory control for all Iskra products.

7.6 Control of Monitoring and Measuring Devices

7.6.1 Measurement System Analysis

Each gauge used for checking a special characteristic (significant, critical or supplier identified) shall have a gauge study performed in accordance with the methods described in the latest AIAG Measurement Systems Analysis Manual (MSA) to determine measurement system capability. Critical characteristic features or dimensions should have the complete MSA (Bias, Linearity, Stability, Reproducibility, and Repeatability) performed on the gauge or equipment used to evaluate the characteristic. Note: A supplier defined adequate method may be used for evaluating Linearity. Gauges not meeting the specification in the MSA shall have a containment plan (such as 100% inspection, gauge improvement, or other means). Gauge study records shall be maintained. Requirements shall apply to measurement systems referenced in the control plans.

7.6.3.1 Internal laboratory

An organization's internal laboratory facility shall have a defined scope that includes its capability to perform the required inspection, test or calibration services. This laboratory scope shall be included in the quality management system documentation. The laboratory shall specify and implement, as a minimum, technical requirements for

- adequacy of the laboratory procedures,
- competency of the laboratory personnel,
- testing of the product,
- capability to perform these services correctly, traceable to the relevant process standard (such as
- ASTM, EN, etc.), and
- review of the related records.

NOTE: Accreditation to ISO/IEC 17025 may be used to demonstrate supplier in-house laboratory conformity to this requirement but is not mandatory.

7.6.3.2 External Laboratory

Commercial/independent laboratory facilities registered to ISO/IEC 17025 shall have a scope and capability for the laboratory consistent with the test(s) to be performed.

8. Measurement, Analysis and Improvement

8.1.1 Identification of Statistical Tools

The supplier should use the latest edition of AIAG SPC for manufacturing process controls and AIAG MSA for measurement system equipment management.

8.2.2 Internal Audit

Internal auditors should be qualified as recommended in ISO 19011 Guidelines for Quality and/or environmental management systems auditing, Sections 7.1 through 7.5. In addition, internal auditors should be competent in understanding and applying the Process Approach of Auditing (see ISO/TS 16949:2002, Section 0.2, Process Approach), the Core Tools (such as PPAP and reference manuals that include APQP, MSA, SPC and FMEA or equivalent VDA documents), and Iskra Customer Specific Requirements, as applicable.

For multi-site suppliers, any nonconformance found in registrar audits and internal audits shall be summarized and communicated to each of the supplier's sites. The local management representative at each site shall evaluate the need to implement a similar corrective action.

8.2.4.1 Layout Inspection and Functional Testing

A layout inspection and functional verification (to all engineering material and performance requirements) shall be performed annually. If discrepancies are found at this point, supplier shall contact Iskra to evaluate corrective action impact. After correction action and communication of the updated documents to Iskra, acceptance is subject to approval by Iskra Supplier Quality.

A raw material certification with updated laboratory scope of accreditation shall be performed annually.

8.2.4.2 Appearance Items

Appearance items will be designated on the engineering drawing. For specific direction on appearance item requirements, contact the respective Iskra product development group.

8.3 Control of Nonconforming Product

The supplier shall have processes and systems in place to prevent the shipping of non-conforming material to any Iskra facility.

8.5.1 Continual Improvement

See Section 7.1.4 on Supplier Suggestion/Change Request Program. FTQ improvement process needs to be continued during production.

8.5.2 Corrective Action

When a problem does occur, we expect our suppliers to immediately put their operations in containment and to protect Iskra or Iskra's customers from receiving any non-conforming material. The initial response to a problem is due within 24 hours. Final response, (with verified root cause analysis), is due within 15 calendar days, unless additional time has been requested and approved by problem owner. Suppliers shall complete a **5-Why Analysis** as a means of ascertaining root cause analysis and verification.

Suppliers have financial responsibilities for non-conforming materials and their effects, which may include warranty issues and cost recoveries for sorting, re-work, scrap, premium transportation and other related types of charges incurred at Iskra or by Iskra's customer. Cost recovery will be communicated to a Iskra SQE. Suppliers shall respond to the cost recovery notices within 15 days.

CSR Change List