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1.0 Introduction and Purpose

The purpose of this document is to communicate the Quality requirements and expectations of

FRAM Group to our suppliers. The search for excellence, in conjunction with a close working relationship, will enable us both to continuously improve and become a world-class supply base to our Customers. FRAM Group is committed to excellence and the attainment of the highest standards of value in all purchased products, materials and services. Our continual emphasis on the improved performance of all purchased products / materials / services can only be achieved through productive, long-term relationships. Our suppliers must demonstrate a strong commitment to continuous improvement in direct support of FRAM Group's commitment to excellence and desire to "exceed our Customer's expectations". It is expected that our suppliers work toward exceeding FRAM Group's supply base expectations and requirements. Excellence means perfection in all that you do; perfect planning, perfect execution, perfect communications, and perfect parts. This is demonstrated through consistent delivery of quality products to FRAM Group's and our Customers. Our suppliers are expected to have demonstrable systems, policies and specifications with a strong bias toward zero incidents, zero disruptions, provide products with zero defects, provide flawless delivery performance and on time responsiveness to issues. Suppliers who meet the requirements of this manual, and other commitments to FRAM Group and who provide superior quality and competitively priced product delivered on-time, will continue to be considered to supply current and new products to FRAM Group manufacturing and assembly facilities. Nothing in this manual shall commit FRAM Group to purchase product from suppliers. Failing to meet the requirements of this manual will constitute a breach of the supplier's commercial obligations, which may lead to termination, or the recovery of damages by FRAM Group.

1.1 Importance of Ethical Standards

It is the policy of FRAM Group to enter into supplier agreements only with companies which have a demonstrated record of and commitment to the highest ethical standards. As a supplier or potential supplier to FRAM Group, we require your cooperation and support in helping FRAM Group maintain a fair, ethical and effective procurement system for supplies and services. It is the policy of FRAM Group to take reasonable steps to ensure that its suppliers and potential suppliers have programs that meet FRAM Group requirements for integrity and compliance.

1.2 Vision Statement

We will be one of the world's premier companies, distinctive and successful in everything we do.

1.3 Quality and Environmental Policy

FRAM Group designs, manufactures, and sells products in accordance with requirements of TS 16949:2009 latest revision and ISO 14001 latest revision. We maintain the highest standard of quality in all aspects of our operations and continually strive to exceed the expectations of our customers. We will provide our employees with all the necessary information, training, tools, and support to achieve our business and quality objectives.

Our Environmental Policy supports our goal to be responsible citizens in the protection and preservation of our environment. We are committed to complying with accepted environmental practices including our commitment to:

- Strive for continual improvement in our Management System.
- Operate within the guidelines of all applicable legal and other requirements.
- Strive to prevent waste and pollution.

FRAM Group is dedicated to continual improvement in product development, supplier selection, production, and delivery of our products. We will strive to ensure that our business plans; internal procedures, and activities provide a setting where our Management System, policy, objective and targets are continuously monitored, and improved. Our ultimate goal is to provide superior Group products and customer service excellence.

2.0 Document Revisions

This Manual will be a controlled document and FRAM Group's Supplier Quality and Procurement function will be responsible for distribution of it to our suppliers when a new revision occurs. The supplier is expected to:

• Review the changes, communicate and implement them within their organization.

• Remove and destroy the old manual if the revision is a complete replacement or update the existing manual if only changed pages are provided.

3.0 Scope

This Supplier Quality Manual defines the basic quality systems requirements and procedures required to supply products and services to FRAM Group Group's facilities unless otherwise noted on the purchase order.

Additional Requirements: each business unit may have specific and/or additional requirements that are not detailed in this document. These additional requirements will be provided to the supplier by their respective FRAM Group representative. These additional requirements will be consistent with the intent of this document. This procedure is part of the purchase order requirements issued by FRAM Group, and acceptance of the purchase order constitutes acceptance of this document. The requirements of this can only be modified or waived by an authorized representative of FRAM Group in writing. The requirements of this procedure shall be satisfied in addition to the detail requirements on engineering drawings and specifications, any "special" quality procedures specified on the purchase order, and other elements of the purchase order. FRAM Group reserves the right to revise this document at any time as needed without prior notice. If quality requirements specified on engineering drawings conflict with this requirements manual, engineering drawings shall prevail. The supplier's quality system is subject to FRAM Group review. When instances occur which warrant the review of a sub supplier's process or control system, the supplier will coordinate such reviews as requested. This procedure applies to products designed and developed by FRAM Group Engineering, and for products designed and developed by FRAM Group suppliers having product design responsibility: i.e., black box products.

4.0 Related Documents

- Supplier Corrective Action Report & Resolution (CAR / 8-D) --- See Appendix 1
- ANSI Y14 5M 1994
- New Supplier Initial Survey SQ01 --- See Appendix 2
- New Supplier On-site Assessment SQ02 --- See Appendix 3
- Supplier Production Process Audit SQ03 --- See Appendix 4
- Run at Rate Spreadsheet SQ04 --- See Appendix 5
- General Terms and Conditions of Purchase --- See Appendix 6

- Supplier Chargeback Procedure
- Supplier Score Procedure
- ISO/TS 16949 Latest Revision Sanctioned Interpretation – Latest Submission 7.4.1.2 Supplier Quality Management System Development
- APQP published by AIAG Latest Revision
- PPAP published by AIAG Latest Revision

5.0 Quality Expectations

Suppliers must have a philosophy of total quality commitment, with subsequent planning and actions, that drives for perfection. This commitment starts with top leadership and is driven through all levels and aspects of their operations. Commitment to Six Sigma techniques, Core Tools, Lean Manufacturing/Enterprise and quality is an expectation.

5.1 Quality System Requirements

Suppliers shall be ISO 9001 latest version, third Party certified, unless identified as a "specially designated small supplier". (See Note*) If the supplier is not ISO certified they will be subjected to on-site assessments and audits at FRAM Group's discretion. The ultimate goal is for all FRAM Group suppliers to achieve the TS-16949-latest version, designation. All suppliers are expected to use and be familiar with the latest revision of the following manuals and documents:

• Quality Systems requirements ISO9001
• Quality System Assessment (QSA)
• Production Part Approval Process (PPAP)
• Advanced Product Quality Planning and Control Plan (APQP)
• Failure Modes and Effects Analysis (FMEA)
• Statistical Process Control (SPC)
• Measurement System Analysis (MSA)
• 8 Discipline approach for Corrective action, with 5-Why methodology

Manuals listed above are available from the AIAG at:
Automotive Industry Action Group
26200 Lasher Rd. Suite 200
Southfield, MI 48084 Phone: (810) 358 3003

*Note: SI 1 09 October 2009, ISO/TS 16949: Latest Revision – The organization shall have decision criteria for determining "specially designated small suppliers" wherein certain specified elements of ISO9001 ISO/TS16949 may be waived.

"Small" for the purposes of this document is established by Procurement. Procurement will provide the appropriate data for all suppliers, including their eligibility for waiver, to the Supplier Quality team during the AOP in order to drive certification requirements and assist with establishing the following years Annual Audit Schedule.

5.2 Product Quality

Suppliers are fully responsible for the quality of their products and for assuring that their products function properly as part of a system or assembly. Suppliers are responsible for furnishing parts, assemblies, materials, and services to the requirements of current engineering drawings and specifications (Product Attribute Specification (PAS))or, in the case of "black–box" suppliers,

FRAM Group approved supplier drawings and specifications (Product Performance Specification (PPS)) as identified on the purchase order. Suppliers are not to rely on FRAM Group's receiving inspection or PPAP approval to determine the quality of their products. Zero defects are required from all suppliers.

5.3 Quality Methods

Improved methods of quality, including Statistical Process Controls (SPC), are required of all suppliers. The design and operation of the supplier's quality system must direct the quality approach towards defect prevention through process controls, rather than defect detection by inspection techniques. This type of system also offers the opportunity to increase productivity and to promote continuous improvement in quality, both of which mutually benefit FRAM Group and the supplier.

5.4 Engineering Drawings

Suppliers are responsible for understanding and complying with the requirements on engineering drawings (ref. ANSI Y14 5M 1994). Suppliers are also responsible for assuring security and confidentiality of FRAM Group's drawings and specifications. If any questionable areas appear to exist prior to receipt of a purchase order, or if issues arise after the receipt of the purchase order, the supplier is to immediately contact FRAM Group Purchasing for prompt clarification. It is expected that these issues will be resolved during Advanced Quality Planning (AQP) activities. Drawing clarifications are to be resolved before production parts are made, and in no case are the engineering drawings and specifications superseded by any informal agreements. Clarifications or changes to engineering drawings or specifications must be in writing and signed by an authorized representative of FRAM Group.

5.5 Supply Chain Management

In order to ensure the quality of the parts shipped, suppliers must have systems in place to manage the parts and material received from their suppliers and sub suppliers. Suppliers are expected to ensure the quality and capacity of materials and component parts coming from their suppliers and sub suppliers, through supplier selection and on-going monitoring. Suppliers shall work with supply chain representatives according with: Delivery Schedule; ASN; Consignment Stock and all other available tools. FRAM Group Supply Chain representative shall require the supplier to monitor all the reports. The delivery grade from supplier quarterly scorecard will come from analysis of data monitored by Quality, Supply Chain and Engineering.

5.6 Quality System of Supplier's Subcontractors

Supplier commits its suppliers and sub suppliers to establish and maintain a comparable quality management system, ISO-9001 latest version which ensures the defect-free condition of its purchased parts and/or externally finished parts. Supplier will promptly furnish documented proof showing that it has ensured the effectiveness of the quality management system in its suppliers and sub suppliers. If quality problems are caused by its subcontractors, the supplier will allow FRAM Group personnel to conduct an audit at its suppliers or sub suppliers as requested.

5.7 Tooling

All tooling used to fabricate FRAM Group product (regardless of ownership) should be perfectly identified with a tool number. Additionally a record for tool life status in the form of quantity of parts produced from that tool must be maintained and updated. For tools that have multiple cavities, each

cavity should be identified separately for identification and tool life. Supplier is responsible to maintain tools within good operating conditions, providing the proper maintenance, storage and care to assure product shipped to FRAM Group meets FRAM Group's drawings and specifications. If tools start to produce out of print parts, material should be put on hold and Supplier must contact FRAM Group's Buyer or Supplier Quality for further directions.

5.8 Packaging and Labeling Requirements

5.8.1 Packaging

Supplier shall provide adequate packaging protection for product sent to FRAM Group receiving plants to guarantee product will be received free of defects. When developing packaging, supplier must have written approval of FRAM Group representative before parts start to ship. Returnable containers should be used as the primary way to deliver products, alternative expandable packaging may be utilized when returnable containers are not suitable. Packaging shall guarantee that cleanliness requirements as called on the drawing are maintained during transportation.
Product being purchased by FRAM Group needs to follow the information depicted in the:

- Unit Box Color Standards Guidelines
- Global Brand Packaging Spec

5.8.2 Labeling

All containers must be identified with the following minimum information:
- Supplier name.
- FRAM Group part number.
- Part number rev level.
- Quantity of parts inside container.
- Country of Origin (Country where product was produced).
- Container weight.
- Description of product.
- Traceability Identification (this could be in the form of batch number, serial number or manufacturing date. If supplier has no bar-coding capability, they are required to use a printed label with the above information and have a plan to comply with bar-coding.

5.8.3 Pallet Requirements

All pallets must meet the following requirements at a minimum.
- Heat Treated - free of infestation
- Lumber Free of Decay,
- Free of Knots with an average diameter greater than 1/3rd board width
- Wane or barky edges exceeding 1/4th of thickness and 1/6th of the width of the board
- Nail Head and Staple Crowns below surface
- 4-way Entry Double Face / Double Wing Non-Reversing
- Height: 48" or less
- Stagger Nailing Pattern to avoid splitting
- Identify Each Pallet with Part number

6.0 Supplier Assessment Process

6.1 New Supplier Assessment

When assessing new suppliers FRAM Group's Supplier Quality will conduct a Quality System audit according to procedure 6.02 Supplier Assessment (see Appendix 7). New suppliers will perform a self-assessment to this procedure using documents SQ01 and SQ02 and submit it to either Fram Group's Supplier Quality or the appropriate Fram Group Buyer prior to the actual audit. This initial audit will be used to validate (qualify) the supplier for production and serve as a baseline for future continuous improvement focus areas.

6.2 Surveillance Audits

As required, Supplier Quality will conduct surveillance audits at supplier's premises. These surveillance audits will identify the focus areas for supplier in order to meet FRAM Group's requirements and expectations. The results of these audits will be published to FRAM Group's management teams and will be used *as part of the evaluation and improvement for escalation processes.* An audit can be conducted as a system, process and/or product evaluation. The audit will be based on ISO TS-16949 standards and in accordance with FRAM Group's Procedures. When a FRAM Group representative determines supplier's quality system does not conform to the FRAM Group requirements, supplier will prepare a corrective action plan immediately and review it with FRAM Group's Supplier Quality and Buyer. Supplier shall implement the FRAM Group approved corrective action plan promptly and on schedule and report back to the FRAM Group representative(s) when actions are completed.

7.0 Supplier Scorecard and Rating

7.1 Supplier Scorecard and PPM *Analysis

The Supplier Scorecard and PPM process is a methodology utilized by FRAM Group Supplier Quality and Procurement for measuring the performance of existing suppliers of products parts, components or assemblies. On a Quarterly basis or as required, a FRAM Group cross functional team evaluates the performance of critical suppliers utilizing the Scorecard process and PPM details from non-conforming activity. The team shares the results across the FRAM Group organization and with Supplier's management. The Supplier Scorecard and PPM evaluation is intended to provide FRAM Group suppliers with timely quality performance information and is to be used as tools upon which the FRAM Group supplier can base their continuous improvement efforts. Suppliers that do not meet FRAM Group's expectations will be required to implement actions to ensure the performance of the areas below expectations show significant improvement.

*Note: PPM = (Return + Scrapped + Sorts + Reworks) X 1,000,000 / Receipts

7.2 Evaluation Criteria

The scorecard tabulates various categories numerically, using a weighted numerical scale. The final summation has a top score of 10. Suppliers with sub-par results (<5, however not limited to) will be required to submit an 8D corrective action report addressing any systems issues they might be having. For each category an evaluation criterion is used as a guideline by the evaluation team, this in conjunction with audits results will be the basis to assign punctuation for each category. The categories to evaluate with their respective weights are:
• Cost 25%, • Delivery 25%, • Engineering 20%, • Quality 30%

10 = Supplier is performing above expectations

5 = Supplier is performing at expectations
3 = Supplier is performing below expectations, but is taking actions to improve
1 = Supplier is performing below expectations and improvement activities are insufficient

The PPM review requires the supplier to maintain a value of less than 100. Understanding there are exceptions that will be maintained for those suppliers issuing material by the foot, pound or roll. (i.e. Steel, Media, labels …)

8.0 Supply Chain

As a primary supplier to FRAM Group, the supplier is responsible for the quality of the products and services provided by their supply chain. The requirements of this document should be extended to the supplier's supply chain. A supplier shall have a documented system to properly select suppliers with the capability to meet this standard and other applicable FRAM Group Standards. The initial supplier selection process for providers of products or services for FRAM Group shall meet all requirements of the Supplier Assessment Process. Suppliers shall monitor their supply chain's performance. A supplier shall have a communication plan to notify their supply chain of the latest specifications and to verify the product on an ongoing basis. A change in the supply chain, or any process change by the supply chain that produces the FRAM Group product, requires appropriate quality planning, and FRAM Group notification prior to implementation. Additional requirements can be found in the Purchasing contract and the General Terms and Conditions as listed.

9.0 Advanced Product Quality Planning (APQP)

9.1 Definition

Advanced Product Quality Planning (APQP) is a structured method of defining and establishing the necessary steps to assure that a component satisfies the requirements of FRAM Group. This process is mainly used when launching a new product or when a major change in the process/product will occur. The goal of APQP is to facilitate communication with everyone involved and to assure that all required steps are completed on time. Additionally, suppliers need to have resources who have acquired the skills necessary to complete all APQP phases from "voice of the customer" through final output, including control plan methodology and PPAP submission.

9.2 Major Elements of the APQP Activity

The major elements of APQP are described below and a detailed explanation can be found in the APQP manual published by AIAG. It is expected that the supplier follows this APQP methodology and develop each of the categories when launching new products to be shipped to FRAM Group. The following is only intended to be a sample guide for the APQP activity of our suppliers and in no way should be used as a substitution for the AIAG APQP requirements. Various elements of this section may not be required, depending upon the needs of FRAM Group, the component supplier, and FRAM Group's Customer

- Technical Review
- Feasibility Letter
- Supplier Assessment
- Supplier Kick off Meeting
- Timing Charts & Open Issues List
- DFMEA

- Design Review
- Gage Review
- Process Flow
- PFMEA
- Control Plan
- Program Reviews
- Early Production Containment
- PPAP
- Run at rate
- Lessons Learned
- Dock Audits*

*Note: Dock Audit performed in suppliers site is for: to contain the critical risk in supplier site before shipping with double check by Fram Group SQE or representative based on sampling scheme, parts failures risk level (major/medium/minor) definition and reaction plan

In order to work with suppliers via the APQP process, FRAM Group will need access to supplier's facilities and appropriate documents. In some cases this may require access to sub tier supplier's facilities and documents.

The APQP checklist shall be submitted to the Supplier at the time the PO is released and\or the job is awarded to the Supplier by the Fram Procurement or Purchasing team. This checklist is to be completed at each individual stage of the APQP checklist. When each stage has been completed, the Supplier shall notify the Fram group if at any time timing can't be met.

10.0 Production Part Approval Process (PPAP)

10.1 PPAP Process

PPAP is a structured process to determine if a product / material / service satisfies all of the requirements of FRAM Group. The PPAP process, as defined by the Automotive Industry Action Group **(www.aiag.org** latest revision, is to be fully utilized by suppliers.
Any clarity required for this process should be directed to FRAM Group Quality, Engineering or Purchasing personnel.(Corporate Supplier Quality)

10.2 Supplier Request for Drawing, Process Changes and Deviations

If the supplier desires to make a change in the process or drawing any time after the initial PPAP approval, then the supplier must submit a request using the Product/Process Change Notification as presented in the PPAP manual under the AIAG guidelines to the appropriate Purchasing personnel and/or site Quality Manager. This form is used to evaluate if the proposed change to the process or drawing can be pursued. Upon approval the new PPAP process can be initiated. The approved form is to be attached to the new PPAP showing approvals. Many of these changes require FRAM

Group's Customer approval before FRAM Group can authorize the requested change. Therefore, adequate time for approval should be planned. If the supplier has product that deviates from the drawing and it could still be potentially used, then supplier must submit a Deviation Request, which must be evaluated and approved prior to any shipment to FRAM Group of the discrepant product. All Deviation Requests must be submitted for a specific product quantity or for product to be shipped through a specific date and product shall never be sent to FRAM Group without the deviation being properly approved by Fram Group and returned to the supplier. Deviation identification shall be located on any and all parts associated with respective request.

10.3 PPAP Documentations

Supplier shall submit the PPAP documentation to the responsible ~~Plant Quality or Procurement~~ (Corporate Supplier Quality) representative via digital copy along with Master Samples.
Any new model introductions and/or product changes affecting Fit/Form/Function, Safety, Environmental, subsequent operations, or commercial impact, and/or changes made to product appearance need to include the following:

- Part Submission Warrant
- Packaging and Label Data Approval form
- 1 pc product sample packaged complete as received at the warehouse (this includes all packaging and labels) – NOTE: even though product may be purchased in multi-packs only a 1 pc sample is required.

Other product changes (including packaging and label changes) need to include the following:

- Part Submission Warrant
- Packaging and Label Data approval form.

The details for each of the PPAP elements are contained in AIAG PPAP Manual.
Note: When submitting PPAP's for Multi-cavity tooling, supplier must submit separate dimensional results, capability studies, etc. for each cavity.

10.4 PPAP Submission Levels

There are different submission levels as defined by AIAG PPAP manual, each level specifies which documents should be presented to FRAM Group for PPAP approval. The default submission level is level III. PPAP samples are to be sent to the appropriate FRAM Group manufacturing site or as required by the Corporate Supplier Quality/Supply Chain representative. The packaging for the samples is to be boldly marked as PPAP samples.

Note: This section is only intended to be a guide for the PPAP activity of our suppliers and in no way should be used as a substitution for the PPAP activity. However, various requirements of the PPAP may not be necessary, various elements of PPAP may not be required, depending upon the needs of FRAM Group, the component supplier, and FRAM Group Customer, for any questions refer to your Quality representative, Buyer or Engineering contact.

11.0 Supplier Quality Discrepancy and Corrective Action

11.1 Product/Process Quality

Supplier warrants and guarantees that all goods and services covered by purchase orders will:
(a) Conform to all applicable specifications and drawings furnished by Buyer;
(b) Conform to FRAM Groups Customer special requirements if any, as may be provided by a

FRAM Group representative in written form.

11.2 Supplier Found Defect/Deviation at Supplier Premises

If any deviation/defect from the above warranty and guarantee is discovered by the supplier at the supplier's premises, then supplier shall:
a) Immediately implement containment at supplier's premises to protect FRAM Group or FRAM Group's Customers from receiving any defective material.
b) When applicable advise the relevant FRAM Group plants, and submit to each of them a concession requesting their acknowledgement and / or recommendations.
c) Determine the root cause and take the actions to avoid future occurrence.
Under no circumstances, will products that do not meet the drawings or specifications be shipped to FRAM Group unless written approval, using the deviation process, as noted in the PPAP manual under Product/Process Change, is granted by FRAM Group Supplier Quality or Supply Chain.

11.3 FRAM Group Found Defect/Deviation

When a problem is detected at our receiving inspection or production line, we expect our suppliers to immediately put their operations in containment and to protect FRAM Group or FRAM Group's Customers from receiving any further defective material. The Supplier has the responsibility to investigate and eliminate the root causes of all problems affecting product shipped to FRAM Group. FRAM Group may request a formal Corrective Action Report (CAR) or other form of documentation. It is the responsibility of the supplier to replace all non-conforming material in the most expedient manner possible. If a disposition is not granted within 24 hours after communication is received by supplier the FRAM Group plant may take whatever steps are necessary to protect their production schedule. All associated charges will be the responsibility of the supplier. During this 24 hours period, FRAM Group reserves the right to sort/rework parts at the supplier's expense in order to maintain the production schedule to FRAM Group's Customer. FRAM Group places supplier in 100% sort out and requires by way of Non Conformity Material (NCM's) reports for immediate corrective actions and/ or permanent actions. Supplier must have robust systems to prevent defective product to be shipped to FRAM Group during PPAP submission process or early production launch. These types of defects are considered a major disruption for FRAM Group New Product Introduction process.

11.4 Customer Found Defect/Deviation (Warranty Claim)

Supplier is alerted upon notification of any alleged deviation/defect by a customer.

a.) Suspect Product is evaluated and dispositioned by Fram Team
b.) Following notification, supplier is allowed (5) business days to review the alleged product. The filter(s) will be available at the Fram Group warranty claims department, (Perrysburg, OH). One of the following will take place immediately after a (14) day time frame:
   i. For any denied claims, the filter(s) will be returned to the respective customer
   ii. For any verified claims, the filter(s) will be returned to the respective supplier with notification of forthcoming COPQ charge back.
c.) Customer is notified of the Team's findings.
d.) Any claim(s) accepted/deemed payable (i.e. manufacturing defect and/or non-conforming per agreed-upon drawings and/or specifications) will be charged back to the supplier under COPQ process (section 11.5)

Corrective Action Request (CAR)

11.5

Corrective Action is a formal and systematic process to eliminate the root cause(s) of defects (Ref. P03-CAR-8D Form). FRAM Group has adopted the 8 Disciplines (8D) as the formal methodology to close Corrective Actions. It is required that suppliers are trained and understand this 8D methodology. FRAM Group will initiate Corrective Action Request either by email or other system. Suppliers are expected provide a communication system to ensure immediate response on defective or suspect issues. The initial response to a problem (essentially the containment plan) 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. The relevant actions are to be 100% implemented within 30 calendar days. Suppliers must complete a 5-Why Analysis as a means of ascertaining root cause analysis and verification. Repeat CAR's of the same problem, lack of a response to a CAR, or not resolving CAR issues is not acceptable. These situations can drive FRAM Group to initiate a sight audit to further pursue a corrective action to the deficiency of the supplier's Quality Management System. Additionally, these conditions can cause FRAM Group to require said supplier to engage in a 100% sort or qualification process until confidence in capability has been re-achieved.

11.6 Cost of Poor Quality (COPQ)

Suppliers have financial responsibilities for non-conforming materials and their effects (Ref. *Cost of Poor Quality* INS 06-05 ---See Appendix 8).

All costs that are incurred by FRAM Group due to failure of supplied products and services to meet quality and delivery requirements are documented and charged back to the supplier who is responsible for the failure.

This process occurs in five basic steps:

1. Confirm the supplier is responsible for the rejection
2. Notify the supplier of the rejection
3. Document costs associated with the rejection
4. Advise the supplier of the costs associated with the rejection
5. Debit the supplier for the documented costs

Typical events that are caused by rejection of a supplier product shipped include but not limited to:

1. Sorting.
2. Rework.
3. Line disruption.
4. Expedited freight due to the quality issue.
5. Increased inspection.
6. Premium costs paid to support production.
7. Shipping document errors.
8. Downtime.
9. Overtime.
10. Line changes due to material unavailability.
11. Rework at Customer premises.
12. Warranty cost. (Includes extended costs charged by FRAM Group customers.)
13. PPAP approval failure. Supplier fails to demonstrate (on site) expected performances on

agreed date.
14. Extended costs/fees from FRAM Group customers.

12.0 Designated Characteristics

12.1 Definitions

Certain purchased parts include dimensions and/or specifications which affect either compliance with governmental standards, safe vehicle operation, or other important fit and functional characteristics of the final product. Those characteristics will be identified on the drawings or specifications as Designated Characteristics. Special emphasis is given to Designated Characteristics as outlined in this specification. The supplier's quality documentation (FMEA's, control plans, flow charts, etc.) must address all Designated Characteristics, and the plan requires review and approval by a FRAM Group representative. This review will take place during the Advanced Product Quality Planning activities. Unless other specified, the process of Designated or Special Characteristics shall be defined in the AIAG PPAP latest revision.

13.0 Health, Safety and Environmental

13.1 Regulations and Compliance

Suppliers are responsible for and shall abide by all applicable health, safety and environmental laws and regulations in countries and communities in which they operate, and where those are considered inadequate, will abide by the FRAM Group standards. FRAM Group extends its commitment to suppliers to make health, safety and the environment an integral aspect of product design, processes and services and of the lifecycle management of products. Finished products shall not contain lead (Pd) and compounds, mercury (Hg) and compounds, cadmium (Cd) and compounds, hexavalent chromium (Cr+6), polychlorinated biphenyls (PCB) or any form of asbestos.

Environment:
It is expected that suppliers will store and dispose of hazardous substances in accordance with local and federal laws and regulations. This will be carried out in a manner that does not endanger human health or the environment. Waste minimization programs will be active and effective and wherever possible, materials will be recycled. All disposal, transportation and recycle companies used will be appropriately licensed and conduct their businesses in an environmentally responsible fashion.
Health & Safety: Suppliers will conduct workplace assessments and communicate to employees the hazards identified and the appropriate use of personal protective equipment. It is always expected that workplace hazards will be engineered out wherever possible.
Continuous Improvement: Initially a supplier will complete a Supplier Evaluation Scorecard and if appropriate a more in-depth review of HS&E programs and capabilities. The Supplier will conduct ongoing prevention and control programs to safeguard employees and the public and will review the effectiveness of these programs through HSE audits and other systems.
Conflict Minerals: The Dodd-Frank Wall Street Reform and Consumer protection Act imposes SEC reporting requirements upon publicly-traded companies whose product contain metals derived from

minerals define as “conflict minerals”. Conflict minerals are defined as tantalum, tungsten and gold from “covered countries” such as: Democratic Republic of Congo, Burundi, Central African Republic, Tanzania, Zambia, Angola, Rwanda, South Sudan and Uganda. Suppliers to FRAM Group are required to provide a Certification/Statement and must maintain a mineral free status as identified in order to maintain compliance. Contact the FRAM Group Procurement group with any questions regarding this requirement.

13.2 International HS&E Standards and Certifications

As complementary initiatives, we encourage our Suppliers to be certified as per the following standards:

• ISO 14001 latest version - for Environmental Management Systems

• OHSAS 18001 latest version - for Occupational Health & Safety Management Systems

Note: Copies of any certifications for HS&E should be provided to FRAM Group to be placed in the Suppliers file as a point of record.

13.3 Product Compliance

Suppliers will ensure that the products delivered to FRAM Group will be in compliance to all Global Product related regulations that includes but not limited to REACH, ELV, China REACH, Korea REACH, Japan REACH, Korea ROHS/ELV/WEEE, CLP and GHS, and USA California Proposition 65 requirements.

ELV & IMDS Requirements

The products shipped to FRAM Group shall not contain any restricted substances such as lead, cadmium, mercury, hexavalent chromium as prescribed in ELV Directive No. 2000-53-EC and associated annexes, Prohibited substances (P), Declarable/Prohibited substances (D/P) as prescribed in GADSL (Global Automotive Declarable Substance List) or per other similar laws or regulations available for restricting substances globally in any region as updated from time to time. FRAM Group requires all its suppliers to be proficient with IMDS (International Material Data System) and stay 100% compliant to IMDS recommendations .Suppliers to proactively provide IMDS declarations with 100% Full disclosure upon change in material composition or part number for existing products and for new products supplied to FRAM Group.The IMDS id of accepted supplier MDS forms mandatory requirement to ensure completion of PPATHE IMDS id of accepted supplier MDS forms mandatory requirement to ensure completion of PPAP.

Security

If the Supplier DOES NOT belong to a recognized security program and ships to FRAM Group locations from origins outside the United States would the Supplier agree to implement the C-TPAT minimum security criteria set forth by US Customs and Border Protection.

Appendix:

- Appendix 1-CAPA FRAM 8D Blank
- Appendix 2-SQ01 New Supplier - Initial Survey
- Appendix 3-SQ02 New Supplier On-Site Assessment
- Appendix 4-SQ03 Supplier Production Process Audit
- Appendix 5-SQ04 Run at Rate Spreadsheet
- Appendix 6- FRAM Group PO Terms and Conditions
- Appendix 7-INS 06-02 Supplier Assessment – Audit
- Appendix 8-INS 06-05 Cost of Poor Quality (COPQ)

REVISION History Log

Rev	Description	Author	Date
2/6/2017	New Launch	M. Behm	2/6/2017